2003 Restructuring Activities by State
Updated as of 4/28/03

Alabama

After an intensive four year study, the Alabama Public Service Commission (PSC) has ruled that electric deregulation is not in the best interest of the state "at this time." The PSC cited Alabama's stable, low-cost power as the primary reason to forgo restructuring. The PSC said in a final report, "There is no distinct advantage to being at the forefront of this grand experiment. Delaying competition in Alabama for the sake of protecting turf is not in the public interest but waiting for solutions to market power, transmission problems and proper program design is prudent." According to Alabama Power executive Darya Braggs, her company supports the PSC decision. Serving 1.3 million customers, Alabama Power is the state's only investor-owned utility.
Restructuring Today, October 30, 2000.
The final report on restructuring can be found at the following website. http://www.psc.state.al.us/

Alaska

On April 5, 1999 a report on electric utility restructuring in Alaska was presented to the Alaska Public Utilities Commission and the Alaska State Legislature. The report was prepared by the combined efforts of CH2M Hill and Econergy International Corporation. The report can be found at this website:
http://www.state.ak.us/rca/r97010/execsum.pdf
There have been no further restructuring activities in Alaska since this report was issued.

Arizona

Staff Report In the Generic Electric Restructuring Docket No. E-00000A-02-0051, March 22, 2002
Executive Summary

Between January 14, 2002 and February 7, 2002 each of the Commissioners docketed letters expressing their opinions and seeking information pertaining to the restructuring of Arizona's electric industry. These letters contained extensive lists of questions for which the Commissioners requested detailed answers from the interested parties.

On January 22, 2002, the Hearing Division of the Arizona Corporation Commission ("Commission") issued a Procedural Order which opened a generic docket on electric restructuring (Docket No. E-00000A-02-0051) ("generic docket"). On February 11, 2002, the Hearing Division issued a Procedural Order directing the Utilities Division Staff ("Staff") to file its Staff Report on the generic docket by March 22, 2002.

Staff, with its consultant Synapse Energy Economics, Inc. ("Synapse"), has developed this Staff report in order to provide guidance to the Commission as it continues to manage the transition of Arizona's electric industry towards competition. This Staff Report contains:

- A brief review of the history of the restructuring process in Arizona.
- A summary of alternative approaches to restructuring that have been implemented in different states with a detailed state by state discussion included as an appendix.
- Staff's answers to the Commissioners' questions raised in the above mentioned letters. A statement of Staff's overall vision and recommendations.
- A summary of the parties' answers to the Commissioners' questions is included as an Appendix.

In developing its recommendations Staff has reviewed the experience other states have had regarding restructuring, the answers parties provided to the Commissioners' questions, and the current Retail Electric Restructuring Rules ("rules") and settlement agreements.

While developing its answers to the Commissioners' questions, Staff reached certain conclusions regarding Arizona's transition to a competitive electric industry. In Staff's opinion, competition may have highly desirable results. This is because Arizona is not a low-cost state. However, in order for there to be a significant likelihood of those desirable results actually occurring, it is necessary to modify the existing rules. Absent such modifications the Commission's goal of creating a vibrant competitive power market which would provide real benefits to Arizona's consumers, will likely not be realized.

Staff believes that the Commission should go forward with restructuring at a proper and deliberate pace while making the necessary modifications to the current structure. Staff believes that the Commission's immediate focus should be on issues affecting the procurement of capacity to serve standard offer customers.

Specifically, Staff recommends that the following issues be addressed in the generic docket:

1) Market power and market monitoring. To what extent and in what way should the Commission be involved in monitoring market conditions and/or mitigating the development of market power for generation and transmission?

2) The competitive bidding process. In addition to the concerns about competitive bidding that APS has raised in its variance request, Staff is concerned that the current rules offer no guidance as to how the competitive bidding process will work.

3) Transfer and separation of assets. The stated reason for requiring utilities to transfer their generation assets was to eliminate market power in the wholesale generation market. The analysis in this Staff Report and the issues APS raised in its variance request indicate that market power will not be mitigated by the transfer of assets required by the Retail Competition Rules. Thus, going forward with the separation and transfer envisioned in the current rules is unwise in Staff's view. Staff recommends that other options be considered such as requiring the transfer of assets to a functionally (but not legally) separate entity within the utility.

4) Transmission constraints. Staff has identified serious transmission constraints in this Staff Report. Staff believes that the issues surrounding these constraints (and the resulting must run requirements) significantly impact the development of the wholesale market for power and should be addressed in the generic docket.

5) Adjustor mechanisms for standard offer service. At least one Arizona utility will be implementing an adjustor mechanism for its standard offer rates in the near future. In light of the problems with the development of a competitive wholesale market discussed in this Staff Report and in APS' request for a variance, Staff believes it would be appropriate to reassess the need for such an adjustor mechanism.

6) Shopping credits and unbundling generally. The adequacy of the shopping credit (the cost a customer would not pay to their UDC if they take generation service from a competitor) has been identified as being highly significant in the development of a competitive retail market. Staff is opposed to imposing artificially high shopping credits in order to give an artificial boost to competitors. However, the shopping credits and unbundled rates now in effect should be examined in order to determine whether they are set at levels that are artificially low.

A procedural schedule for Arizona's generic restructuring proceeding can be found at the following website.
http://www.cc.state.az.us/utility/electric/Gen020051/05-02-02po.pdf

A final order was issued in Track A of this generic proceeding on September 10, 2002. That order can be found at
http://www.cc.state.az.us/utility/electric/Gen020051/020051fi.pdf

Arkansas

The Arkansas Public Service Commission has recommended that the state legislature either suspend the state's electricity deregulation law until 2010 or completely repeal the measure. The commission's chairman, Sandra Hochstetter, testified before a legislative panel last week that electricity customers would pay more for their electricity service under a competitive market than under continued rate regulation.

A report issued by the PSC has found that a 6 to 13 percent increase in industrial and residential rates would be expected in a fully competitive wholesale market. The PSC has noted the absence of successful competitive models from other states and the lack of Federal law as further reasons to delay deregulation in Arkansas.

The PSC expects the delay to allow the state's transmission system time to accommodate vigorous wholesale trading and to establish a regional transmission organization.

This year, Arkansas' legislature rescinded a 2002 deregulation start date in favor of a phasing-in process from 2003 to 2005. Attorney General Mark Pryor, who represented consumer interests during the formulation of the 1999 Electric Consumer Choice Act (Act 1556), said he still favors competition but will support the delay until the market is ready. Officials of Entergy Arkansas, the state's largest electric utility, also support the delay but oppose a complete deregulation repeal.

The Commercial Appeal, December 22, 2001; Megawatt Daily December 28, 2001

Summary:

The Arkansas General Assembly passed Act 1556 of 1999 to provide for the introduction of retail competition in the electric utility industry by January 1, 2002, but no later than June 30, 2003. Act 324 of 2001 amended Act 1556 to change the earliest implementation date for retail electric competition from January 1, 2002, to October 1, 2003. The amendments to Act 1556 of 1999 were the result of recommendations by the Commission in its Progress Report to the General Assembly on the Development of Competition in Electric Markets and the Impact on Retail Customers, submitted on November 29, 2000. The specific amendments to Act 1556 included changing the date for initiating retail competition in Arkansas from January 1, 2002 to not earlier than October 1, 2003, nor later than October 1, 2005. The amendments to Act 1556 clarified that the Commission may delay implementation of retail open access upon findings that most customers would not have a reasonable opportunity to realize net benefits, specifically including relative price benefits for residential and small business customers, and that demonstrably effective wholesale market structures are not in place. In its Report to the General Assembly Pursuant to Act 324 on the Development of a Competitive Electric Market and Possible Impact on Customers, submitted on December 20, 2001, the commission recommended that the General Assembly consider either a complete suspension of the current statute for a considerable period of time, perhaps going out to 2010 or 2012, or repeal of the statute.

California - New

NOTE: There is a great deal of turmoil going on in the California electric markets. The following items provide highlights of the latest events but are not intended to provide a comprehensive report.

Seven years after the dawn of electricity deregulation in California, a group of influential lawmakers is proposing a dramatic sunset. The state would return to regulated utilities, putting an emphatic halt to a disastrous experiment in market-based electricity, under a bill unveiled Wednesday.

Although details are still to be worked out, "at no time will we compromise on our goal of ending energy deregulation in California," said Sen. Joe Dunn, D-Santa Ana, one of the authors of SB 888. "We aren't mending it, we're ending it."

Sen. Debra Bowen, D-Marina Del Rey, called the current system a mishmash of conflicting elements cobbled together as the state tried to weather the energy crisis in 2000 and 2001. Bowen, also an author of SB 888, likened it to Frankenstein.

"We are not going to build on Frankenstein," she said. "We need to start over."

But the controversy that has swirled around the state's energy policy since 1996 is unlikely to abate for this proposal. A spokesman for energy producers called it "remonopolization," while a Republican author of a competing bill warned of severe consequences such as a sudden drop in electricity generation as private producers idled plants.

In essence, Dunn's bill would reverse the 1996 law that ushered in deregulation. The notorious AB 1890 created a new, free-wheeling market that four years later resulted in rolling power blackouts and sky-high prices, until the state stepped in to fill the shoes of the reeling utility companies.

"It sent prices through the roof," Bowen said. "It let generators manipulate the market like they were pulling strings on a marionette, and it allowed big customers to shift costs and force small businesses and residential customers to pick up far more than their share of the tab."

The bill would permanently end one of the centerpieces of deregulation: the ability of some customers, mostly large energy users, to make their own deals with generators. That "direct access" provision has been suspended, but there have been proposals to revive it.

The bill would also extend a moratorium on utility companies selling their power-generating assets from 2005 to 2010. Critics of deregulation point to the selloff of power plants by utility companies in the late 1990s as one of the triggers of the crisis.

The bill would encourage utilities to invest in transmission lines and generation, reversing the deregulation law's incentives to sell to private companies. It commits ratepayers to covering the costs of prudent investment.

"What it does is return an obligation to serve to the utilities, in return for a guaranteed cost recovery," Dunn said. "It encourages utilities to return to generation."

Bowen said that despite apparent stability, the need for the bill is pressing.

"It has to happen this year because we need investments in capital facilities to be made beginning this year and next year, or we will have power shortages in 2006," she said.

Supporters say the bill, by ending direct access, would give utilities the ability once again to predict electricity demand, allowing them to sign long-term contracts to help keep down wholesale energy prices.

"We can have a mix of privately owned generation, publicly owned generation, utility-owned generation," Bowen said. "It doesn't matter as long as those who are buying are buying for a customer base they can reasonably estimate."

But critics said it would go too far in returning to the bad old days of regulation, throwing away the positive effects of more open markets.

"We basically believe that this remonopolization will short-circuit California's energy future," said Jan Smutny-Jones, executive director of Independent Energy Producers. "This bill isn't really necessary. It's very troubling, and I guess we'll spend the summer arguing about it."

It would return the state to the old model of bloated utilities making wasteful decisions and sticking customers with the bill, he said.

Severin Borenstein, director of the University of California Energy Institute, said that getting rid of direct access would be a mistake. He pointed out that California had some of the highest electricity rates in the nation even before deregulation.

"To say we're just going back to the old system because deregulation sucks strikes me as not a very careful analysis of what happened," he said.

A competing bill by Assemblyman Keith Richman, R-North-ridge, would preserve direct access. But it would require large energy users that wanted to make deals with producers to give adequate notice to the utility and to have a contract with the generator. If the company returned early to the utility, it would have to cover the full cost of the utility providing power, probably at spot-market rates. If power generators can't make contracts with big users, Richman said, they may choose to shut down their plants.

Consumer groups applauded the Dunn proposal.

Gov. Gray Davis stopped short of endorsing it but said, "I'm clearly leaning toward a more regulated environment than we have now."

PG&E issued a statement warning against premature action.

"The last thing the state needs is to lurch off in a new direction, without careful analysis and a full understanding of what the results will be," the statement said.

Margaret Talev of The Bee Capitol Bureau contributed to this report. Apr 10 - The Sacramento Bee

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Declaring that "deregulation in any form simply will not work," Orange County Sen. Joe Dunn said Tuesday that today he will unveil legislation to re-regulate California's electricity market.

Under Dunn's legislation, utilities would be forced to serve their electricity customers at the lowest reasonable cost, wholesale prices would be tied to production costs, and industrial customers couldn't go directly to energy wholesalers.

Dunn's SB888 would formally scrap California's seven-year experiment with deregulation, in which competitive market forces boosted average wholesale prices tenfold during 2001.

"I think this will serve as the death knell of deregulation," said Dunn, D-Santa Ana, who headed the Senate's two-year investigation into energy market practices.

The bill stems from that investigation.

Energy producers were critical.

It would "undermine the stability and certainty necessary to repair California's energy market," said Jan Smutny-Jones of the Independent Energy Producers, a trade association and lobbying group.

Dunn's bill: Requires the price of wholesale electricity -- the amount that utilities pay to purchase power for their customers -- be set by the cost of actually producing it, not by the prices that can be fetched in the open market. If such a provision were law now, the price would be $30 to $40 per megawatt hour, slightly below current costs. In early 2001, however, prices reached an average of $355 per megawatt hour.

States that utilities' top priority is to serve their customers, and that the utilities' rates must be based on the cost of providing that service.

Under the bill that deregulated energy, AB1890, the goal was to open markets to competition.

Would phase out "direct access," by which large companies and manufacturers bypass utilities and buy low-cost power directly from generators. The state and the traditional utilities lost revenue when companies bought from these other generators.

As much as 16 percent of California's electricity load was purchased through direct access in 1999-2000, but that figure dropped to 2 percent during the energy crisis. It has rebounded to 12 percent.

Dunn's bill lets existing contracts run until they expire but bars new ones.

The bill does not rebate to utilities the costs they incurred in shifting to deregulation, but it allows those costs to be built into rate requests to the state's Public Utilities Commission. Nor does it cover any losses suffered by companies that bought utilities' power plants at top dollar in hopes of realizing large profits during years of deregulation.

"They did quite nicely, anyway," said PUC member Loretta Lynch. "These are the same people we're suing for manipulating the market."

Apr 09 - The Orange County Register - Register staff writer Andrew Galvin and The Associated Press contributed to this report.

Colorado

The Colorado state legislature is considering a bill (HB 02-1415) that would require utilities to provide net metering services to customers that generate electricity from wind, hydropower, solar, and biomass. Customers would be liable for the installation and maintenance costs of the systems, and utilities would credit customers in amounts equal to the companies' avoided costs. The bill was introduced in the House on March 27, passed on April 15, and then introduced in the Senate on April 16. The Senate Committee on Public Policy and Planning is currently considering the legislation.

The Colorado Senate introduced a bill (SB 02-180) on March 5 that would require the public utilities commission to establish an electric resource standard for renewable energy in the state. Starting in 2004, power generators would be required to produce or acquire certain percentages of their wholesale electricity from renewable resources, beginning with a minimum of two percent and incrementally increasing to a minimum of ten percent by 2010. The Senate passed the bill on April 29; it was introduced in the House on April 30 and was sent to the Committee on Appropriations on May 2.

Denver Rocky Mountain News, May 2, 2002; HB 02-1415; SB 02-180

Connecticut – New

A key legislative committee is considering a bill that would raise the state's "standard offer" cap on electric rates by 10 percent with the hope of encouraging competition in the deregulated electric supply market.

Business and residential consumers have been able to choose a competitive electric supplier since July 1, 2000, but relatively few have switched from the standard offer because it's a bargain, charging rates 10 percent below those set in 1996.

"Right now there's really no incentive for anyone to change. Why would there be? True market forces are not driving this bus," said state Rep. Bob Duff, D-Norwalk, a member of the Energy and Technology Committee.

The standard offer is set to expire next January and most experts believe if nothing is done consumers would see dramatic price increases reflecting increased costs to produce electricity, which up to this point Connecticut rate payers have been shielded from.

The committee conducted a 10-hour public hearing on the issue late last month and is tinkering with a working draft of a bill that would adjust rates up to the rates set in to 1996, Duff said.

The bill raises rates as part of a transitional standard offer, but according to Duff, the real debate is focused on how long a time frame to extend the price cap.

"We're looking at somewhere between one and three years, but there are arguments to be made on both sides about how that will or will not encourage the competition needed to lower rates," said Duff.

Protect consumers

"It's likely the standard offer will have to be changed," said Joel Rinebold, chairman of Gov. John G. Rowland's energy task force and executive director of the Institute for Sustainable Energy at Eastern Connecticut State University.

Neither group, he said, is specifically engaged in the debate over the standard offer, but he said there might be a need for a short-term increase depending on how the market reacts. "I don't advocate the increase of price, however we need to encourage the market to invest in a long-term sustainable energy future," said Rinebold.

The wholesale electric market will also be a huge factor in any plan to adjust the current rate because the standard offer is really a series of contracts that the incumbent utilities -The Connecticut Light & Power Co. and United Illuminating Co.-negotiated with electric suppliers three years ago. Those contracts expire next year and the utilities will have to renegotiate.

Duff said representatives of the two transmission companies have told the committee that they believe they can negotiate wholesale deals to allow the companies sell to the consumer at the 1996 rate, "but if we keep it 10 percent below the 1996 rates, they will have a tough time meeting their costs."

Those factors, he said, make it imperative that the bill be passed this session.

Duff said the committee has two goals for revamping the bill: protect consumers with lower rates and protect the environment by encouraging cleaner types of power generation in Connecticut. The bill has a "green" component that encourages electric suppliers to sell renewable energy or electricity generated by means other than fossil fuels.

"Without the appropriate price signals, industry will not invest in energy in the state of Connecticut. With the right price signals, industry will invest with advanced technology with an outlook for sustainable development," Rinebold said.

Mar 31 - Fairfield County Business Journal

Delaware

Conectiv has filed shopping credits that are being reviewed by the Delaware Public Service Commission. The company will open retail competition for customers over 1 MW in October, then users with at least 300 kW in February 2000 and to all others in August 2000. The PSC expects to rule on the shopping credits by the end of August 1999.

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Delaware Gov. Thomas Carper signed HB-10 that will begin retail competition on October 1, 1999 and phase-in the change by early 2001. The measure was backed by utilities, industrial users and consumer advocates.

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The Delaware House of Representatives has passed legislation (HB10) that would open retail competition to industrials on October 1, 1999 and extend the change to all customers by early 2001.

The legislature recessed at the end of January and will not reconvene until mid-March, when the Senate will take up the bill. During that time, the Senate will hold public hearings on the issue.

HB 10 calls for retail competition to open on October 1, 1999, for Conectiv customers with loads of at least 1 MW. Conectiv users of at least 200 kW would be able to shop for supplies starting February 1, 2000, while smaller consumers would gain access to the market on August 1, 2000. The schedule would run six months' later for Delaware Electric Cooperative (DEC). The bill does not cover municipal utilities, though they could introduce competition at their own timetables.

Conectiv, which includes the former Delmarva Power and serves most customers in the state, has not incurred high stranded costs in Delaware because it has limited nuclear investments and no major independent power contracts, explained Bruce Burcat, executive director of the PSC. Therefore the company would only recover $18-million in restructuring costs, and these would be collected only from large commercial and industrial customers – another concession to small consumers.

The bill would also cut rates 7.5% for Conectiv residential customers, starting October 1, 1999, and would freeze those rates for four years. Larger users would only receive a rate freeze, running three years. In DEC territory, all customers would be covered by a five-year rate freeze, but would receive no rate cuts, since the co-op recently enacted a 5% reduction.

At the end of the four-year transition period, the PSC could open bidding to replace Conectiv as the default generation supplier for customers that do not select outside marketers. If it does not open such bidding, it will require the utility to provide generation at market prices, explained Burcat of the PSC.

A number of consumer benefits are included in the bill as well, including licensing of power suppliers by the PSC, consumer education on electricity choice, $800,000 in annual funding for low-income customers, $800,000 annually for energy conservation and environmental incentive programs and PSC authority to curb market power.

District of Columbia

The District of Columbia Public Service Commission (PSC) has approved opt-in municipal aggregation as part of its electric competition program. The opt-in approach allows all participants to voluntarily choose to join the aggregated pool. During its deliberations the PSC rejected the opt-out program, which would consolidate all residential loads unless an individual customer chooses not to be part of the pool. Because PEPCO, the provider of last resort, is obligated to serve everyone in its jurisdiction, and retail prices are capped at a relatively low rate, the PSC concluded that opt-out aggregation would not jump-start competition. The Commission decided that it could be more costly to

inform customers that the choice of provider will be made on their behalf rather than simply adding municipal aggregation to the existing list of alternate electricity providers.
PUR Utility Regulatory News, July 8, 2002

Florida

A year after the movement to reshape Florida's electricity market collapsed, the power industry is back to business as usual.

If California's energy debacle never occurred, and if Enron Corp. hadn't emerged as a case study for corporate corruption, Florida might be well along the path to energy deregulation. But those who want to trade kilowatts like pork bellies concede it won't happen anytime soon.

The state's four large investor-owned utilities -- which include Progress Energy and Florida Power & Light Co. in Central Florida -- have all but forgotten the challenges of deregulation and are back to their old concerns: oil and natural gas prices and plant construction.

Not that construction is without controversy. The Florida Public Service Commission recently adopted bidding rules that could give out-of-state energy companies a greater opportunity to enter the electricity-generation business.

"The state needs about 1,000 megawatts of new generating capacity every year, assuming that old capacity continues to run well," said Michael Green, executive director of the Florida Partnership for Affordable Competitive Energy, which represents would-be power-plant builders. "That's about $600 million a year of capacity, and that's significant."

The new PSC rules would put the plant builders in a better position to compete for new projects. Until now, the investor-owned utilities have built all the state's primary generating plants and included construction and operating costs in consumers' electric bills.

Advocates of the change say competition could mean lower-cost plants, which ultimately could mean cheaper electricity.

"The change in the rules is something that is really needed," said Mike Twomey, executive director of Florida Utility Watch, a consumer watchdog group. "It would be a good thing for consumers if other companies could build plants, so long as the investor-owned utilities aren't undermined in some way."
The incumbent utilities haven't decided whether to appeal the bid rules.

"Florida is well-served now," Florida Power & Light spokesman Bill Swank said. "We have rates that are below the national average and reserve margins of electricity, which is a result of the Florida regulatory climate."

Progress Energy, formerly Florida Power Corp., agrees. "We thought the system was working very well," company spokesman Aaron Perlut said. "We may ask for a rehearing on the bid rule."

For Progress Energy, the big issue of 2003 is more parochial. Five of the cities it serves -- four of them in Central Florida -- are considering taking over the power lines within their borders. Progress is in arbitration with Winter Park and will begin arbitration with Apopka this spring. It is also negotiating long-term franchise agreements with Casselberry and Longwood.

But the overarching uncertainty of 2003 is how a possible war in Iraq might impact fuel costs. "We're expecting our fuel cost to remain reasonably stable this year," Perlut said. "That's the projection we're working with."
By Christopher Boyd, The Orlando Sentinel, Fla. -- Jan. 12

Georgia

Utilities privatization may eventually be on the docket again at Robins Air Force Base following last month's release of new Department of Defense guidance. According to Robins officials, DOD marching orders require privatization evaluations of all utilities by 2005 using a new cost analysis model.

"But that does not mean utilities will be privatized," added Carlos Fagundo, chief of resources for the 78th Civil Engineering Group on base.

"The cost for privatizing must be cheaper than what we're paying in-house. If it's cheaper in-house, we'll keep the systems we have."

At issue is a huge base infrastructure that distributes electricity, natural gas, water and treated wastewater for 14 million square feet of facilities housing more than 25,000 federal and contractor employees. About 40 base jobs could be affected by the decision.

"What we're talking about are the actual power lines and poles, gas lines, water lines -- the infrastructure that delivers the commodity to locations throughout the base," said Fagundo. "That's what might be privatized. We would continue purchasing the actual commodity -- electricity, natural gas -- from suppliers in a totally separate transaction."

Under privatization, contractors would purchase distribution systems from the government and assume responsibility for operation, maintenance, updates and code compliance for the life of the contract -- likely for 25 years. The Air Force would pay a "wheeling fee" to the contractor for movement of commodities to various base locations.

Robins officials went to the brink of issuing a privatization request for proposals two years ago, but backed away because of rulings from the Georgia Public Service Commission.

"We held our industry day and we had people from everywhere," said Fagundo, "and then we stopped."

The PSC would not permit the changing of suppliers for electricity and natural gas. "Georgia Power had to be the electrical provider due to the Territorial Act of 1973," said Bill Edge, PSC spokesperson in Atlanta.

"Under the law, Georgia Power is the source and they can't change unless both sides agree," he said. "Georgia Power was not willing to give that up."

Edge said the base wanted to switch natural gas providers from the city of Warner Robins to Atlanta Gas Light. "But AGL does not serve that area," he said. "They (the base) have to be in an area served by AGL pipes."

Edge said he thinks the state agency would support privatization of utilities infrastructure.
"Of course, the case has not been reopened," he said, "but as long as the base keeps the same electrical and natural gas suppliers, the PSC likely would not object."

Fagundo is not expecting a privatization decision in the near future. "We need to go back to square one and see if our previous environmental analyses, permits, studies and inventories are still accurate," he said.

"That will take a while," Fagundo said. "It is a slow process, but we need to follow through."
The DOD guidelines affect nearly 1,600 utility systems valued at $50 billion on military installations worldwide. Only a handful -- 122 -- have been privatized, with requests for proposals released on 849 others.

"They've had a lot of problems," Fagundo said. "They've put a lot of systems out for bid and less than 10 percent have been privatized. So, they've had to go back and take a look at how they're doing this."
Fagundo has seen the new DOD guidelines, but only in summary form.

"They contain new guidance for conducting the economic analysis," he said. "They talk about protecting government interests and conforming to state laws and regulations. We will have to use the model to do the cost comparison and it's something that DOD has been developing using lessons learned from past privatization studies."

But even with new cost models, Fagundo said the process will not be simple or quick.

"Robins Air Force Base has a lot of power, sewer and water lines," he said. "It's a big base and we have utilities everywhere."
By Gene Rector, The Macon Telegraph, Ga. -- Nov. 16, 2002

Hawaii

In April 1999, both houses of the state legislature approved a resolution asking the Public Service Commission to report on the status of its restructuring investigation. In November 1998, a collaborative of 12 stakeholder groups reported to the Public Service Commission that they failed to reach a consensus on basic aspects of comprehensive industry restructuring.

As the 1999 legislative session adjourned, both houses of the state legislature passed a resolution requesting a report from the PSC on the status of its restructuring investigation. The report is due by January 2000, when the next session begins. There has been no action on the investigation since November 1998, when the collaborative group studying restructuring reported that it could not reach a consensus.

The collaborative report, filed in 12 separate position papers by participating stakeholders, noted general agreement with the idea that Hawaii’s unique situation as a state comprised of islands precludes the kind of restructuring underway in the mainland states. The report also noted that some parties favor increased competition in customer services, management of electricity demand/conservation and generating unit operations and maintenance services. The utilities tended to recommend competitive bidding for new generation, performance-based ratemaking and innovative pricing mechanisms.

Idaho

Idaho Power has filed an expanded net metering plan with the Idaho Public Utility Commission (PUC) that would allow all classes of customers that generate electricity from solar, wind, biomass, or hydro to sign up for the program. Currently only residential and small commercial customers that generate less than 25 kilowatts are able to sell their excess power back to the local utility. The new plan would raise the kilowatt limit to 100, and would require larger customers to install and pay for a second meter to ensure they pay the demand portion of their utility bills, which is not required for current net metering customers. Idaho Power would buy the excess power at 85 percent of the market price for non-firm contracts, which would be included as a credit on customer bills. The company has also proposed that the total net generation from large customers be limited to 2.9 megawatts, and that single customers be limited to connecting 580 kilowatts to the utility's grid.
Restructuring Today, April 23, 2002

Illinois

The idea was simple: Spur competition in the electricity business by giving the biggest Chicago-area companies an incentive to take a chance with start-up providers.

The incentive was a guarantee that the big companies could come back to Commonwealth Edison Co. at any time through 2006, at a set price, if they didn't like their new provider. Some of the area's biggest business names, and largest electricity users, took state regulators up on their offer.

But now ComEd wants the program scrapped, saying it's too expensive to guarantee electricity service at a set price for such big users for so many years. The fight pits ComEd against a diverse and powerful cross section of business, industry and government interests, including such venerable names as the Sears Tower, Caterpillar Inc., the Art Institute of Chicago and the U.S. Department of Energy.

The battle is likely to be resolved Thursday, when state regulators meet to consider ComEd's proposal. In order to eliminate the program, ComEd, a unit of Chicago-based Exelon Corp., must persuade the Illinois Commerce Commission to declare the local electricity market for big customers fully competitive.

At issue is a fixed rate, known as 6L, which was frozen at 1994 levels as part of the transition to a deregulated market. Under the agreement, ComEd can't raise that rate now until the end of 2006. The rate effects 373 big business customers, a group that creates a peak demand of 2,500 megawatts, roughly enough to power 1.5 million homes.

"Competition has not developed to the point where the competitive market can offer these customers a reasonably equivalent rate," argued Christopher Townsend, a lawyer whose clients include General Mills Inc.

"If the commission were to allow Edison's petition to become effective the commission would be deterring these customers from participating in the competitive market...and would be a step backwards for competition," Townsend said.

ComEd is seeking permission to stop offering the rate to new or returning customers starting June 2003 and to end it completely by June 2006.

If the ICC approves ComEd's proposal, Townsend predicted there would be a stampede of customers leaving alternative suppliers to return to 6L. "Customers will return in droves to Rate 6L, because the competitive market is in flux and Rate 6L will provide a safe harbor," Townsend said.

At the heart of ComEd's proposal is the argument that the market for these big customers is competitive, and it presented statistical evidence to the ICC that showed that 31 percent of the commercial and industrial customers had switched to alternative suppliers.

But the opponents, which include the Building Owners and Managers Association of Chicago, argued that the switching statistics were unreliable because Exelon, ComEd's parent, through its unregulated Exelon Generation unit, had given the competitors funding to stay in the market as competitors.

Howard Haas, a senior economist for the ICC, said Exelon's financial assistance "has preserved an appearance of continuously available `competitive' supply options. Had ComEd not intervened to prop up the retailers, the retail market most likely would have shifted back toward monopoly service, with customers switching to (to some form of ComEd) services."

Haas went further, saying that Exelon's subsidies are "strong evidence that the market, as it now stands, may be incapable of sustaining competition."

In some cases, some very large customers said they tried repeatedly to find a comparable alternative service from a competitor, but were rebuffed. The U.S. Department of Energy, which contracts for electricity for Fermi

National Accelerator Laboratory and Argonne National Laboratory, came up empty-handed when it sought bids from competitive suppliers, according to Dale Swan, a consultant for the Energy Department.

In fact, since 1999, the two labs, the Great Lakes Naval Training Center and three Veterans Administration hospitals all sought bids from competitive suppliers, but were unable to beat their options with ComEd, Swan said.

In an interview, John Rowe, Exelon's chairman and chief executive, said the subsidies were part of a "settlement we made with the alternative marketers last year when power prices were higher. We said then that we would make a contribution to keeping them in business.

"The subsidy is not the only reason the industrials switched," Rowe said. "They tend to come into the utility rate when wholesale prices are high and leave when wholesale prices are low.

"They are very smart and very good at working back and forth," Rowe said. "You cannot have a smoothly flowing marketplace as long customers can go back and forth on the regulated rate."

Furthermore, Rowe noted that big customers could look beyond the marketers for alternative suppliers, including power producers such as Midwest Generation.

"The industrial customers could go and cut deals with those people too," Rowe said. "It's very complicated but it won't get simple until the customer who has the right to choose also has the responsibility to choose."

By Melita Marie Garza, Chicago Tribune -- Nov. 14

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According to Illinois Public Act 92-585, the state Commerce Commission is required to prepare a report on the value of municipal aggregation of electric customers and file it with the Governor and the General Assembly by January 15, 2003. The legislation stipulates that the report provide a description and analysis of potential forms of aggregation, including customer purchases of renewable energy; estimates of potential benefits in at least five municipalities; a description of barriers to municipal aggregation; and options for legislative action.

EnergyCentral.com; Illinois Senate Bill 1589.

Indiana

The Indianapolis Star recently reported that Enron's financial collapse may lower the chances for deregulation in the state, one of 26 states that has not restructured. According to the Indiana Lobby Registration Commission, Enron spent $66,200 in the past two years lobbying the Indiana legislature on deregulation and other energy issues.

Sen. Thomas K. Weatherwax (R-Logansport), Chairman of the Senate Energy and Economic Development Committee, believes that Enron's lobbying efforts did not affect deregulation in the state.

Limited support currently exists in Indiana for deregulation of its electricity market. Indiana's large state utilities support deregulation because it would result in expanded business opportunities and big businesses hope to gain price discounts. Sen. Weatherwax said he supports the idea of competition among power providers, but thinks that Indiana is far from deregulation. Consumers are concerned that deregulation would raise electricity prices, and labor groups fear resulting layoffs as companies cut costs to win customers. Rep. Craig Fry (D-Mishawaka), House Commerce and Economic Development Committee Chairman, contends that Enron's breakdown offers compelling evidence that Indiana should not deregulate.

The Indianapolis Star, February 14, 2002

Iowa

Kansas

Kentucky

Power transmission co-op Big Rivers Electric Corp. and the Kenergy Corp. power distribution co-op have always been deeply suspicious of proposals to deregulate the nation's electric utility industry. So are many other Kentucky entities.

And why shouldn't they be, Kentucky electricity consumers have it pretty good right now. Kentucky Utilities, which serves parts of Henderson, Union and Webster counties, boasts the cheapest rates of any investor-owned utility in the country.

The city-owned Henderson Municipal Power and Light provides even cheaper rates than that. And Kenergy's rates, while higher than KU or HMP&L, are less than the national average, having cut rates by $5 million in recent years.

When you enjoy the cheapest power in the country, you're skeptical of going along with a plan that was hawked by disgraced power traders such as Enron -- or endorsing an idea that many observers say might reduce electric rates in high-cost states such as New York but would increase rates in low-cost states such as Kentucky.

But the clamor has died down considerably following the disastrous deregulation experiment in California (including charges of profiteering by power traders); the collapse in wholesale electric prices; and the disasters that befell several companies (Enron, Dynegy, Williams Cos., Mirant and others) that wanted to be big players in the power trading game.

Those companies' stock used to sell for $50 per share or more; today, shares trade for a buck or two -- or, like Enron, are delisted from the major exchanges. So any further deregulation of the power industry "has been slowed substantially," Ron Sheets, president of the Kentucky Association of Electric Cooperatives, said in an interview last week.

That suits the co-ops, who say they are concerned that Kentucky's rates will rise in a deregulated market, especially if consumers here are forced to pay to upgrade transmission lines to help move electricity to other states.

The Kentucky Public Service Commission, which regulates the utilities, is equally skeptical, saying recently that one federal proposal is "a dangerous experiment designed to benefit market players, not retail customers who have built and paid for the nation's transmission facilities" and would "drive up the price of power in Kentucky."

"The evidence is being persuasive that it may not be the right thing to do," Sheets said.

"When it comes to the issue of deregulation," Big Rivers Electric Corp. President Mike Core said, "I think almost all legislators in the country wish it would just go away."

The drop in wholesale electric prices, due in part to a rash of new gas-fired generating plants, also has grave implications for the proposed Cash Creek merchant power plant in eastern Henderson County. With the wholesale energy trading market in tatters, the promoters of the Cash Creek project have effectively put it on a back burner.

Core says the exuberance that led to proposals for some 20 power plants across Kentucky has vanished.

"You can't get financing unless you have someone" -- a guaranteed customer with deep pockets -- "sign on the bottom line and take that power out of there for a long period of time."

With the future of the merchant power industry in question, the big power generating companies that the Cash Creek promoters hoped would pony up money to build the $1.1 billion plant are decidedly on the sidelines.

Indeed, many players are on the ropes financially. Electric Utility Week, an industry trade publication, reported last week that there has been an estimated $30 billion in loan defaults this year in the worldwide power industry, with more expected.

Rather than facing a shortage of electricity, the industry now is stuck with surplus generating capacity -- and financially strapped companies trying to unload unneeded merchant power plants are finding prices "poor because there have been virtually no buyers," a Standard & Poor's analyst wrote in a recent report.

That adds up to little likelihood of the Cash Creek plant advancing in the near future.

Happily, things are looking much rosier at Big Rivers, which recently concluded the Chapter 11 bankruptcy case from which it successfully emerged four years ago.

Core said Big Rivers anticipates turning a net profit of more than $10 million this year, down from last year but its fourth consecutive year in the black after many years of red ink. The co-op also is one year ahead of schedule in paying off its big debt to the federal Rural Utilities Service.

By Chuck Stinnett - Gleaner Business Editor November 24, 2002

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A special Kentucky Electricity Restructuring Task Force recommended that lawmakers wait until the 2002 General Assembly to consider opening the state’s electric industry to competition.

“There is no compelling reason at this time for Kentucky to move quickly to restructure,” the 20-member task force concluded in its report. The task force was established during the 1998 legislative session after a deregulation bill died in committee.

A final report will be presented to Kentucky Governor Paul Patton before the legislature convenes in January 2000. The General Assembly meets every two years in regular session in Kentucky.

The task force said in the report that Kentucky, which relies heavily on coal-fired generation, “is in a unique position because of its existing low electricity rates, which currently are the lowest east of the Rocky Mountains.”

Despite the possibility of congressional legislation to mandate restructuring and actions taken by 23 states to restructure, there are “obvious advantages for Kentucky adopting a wait-and-see approach to electricity restructuring,” the task force said.

Such a position allows Kentucky to monitor the progress of restructuring in other states and to develop options that protect Kentucky’s low rates for electricity, the task force added.

The task force also found:

- Restructuring can be expected to have multiple effects on Kentucky’s electricity prices. If the state’s electric rates are deregulated, price fluctuations probably would be larger in magnitude than fluctuations under cost-of-service regulation.
- Three utilities that operate in Kentucky – Cinergy, Big Rivers and the Tennessee Valley Authority – collectively have potential stranded costs that range from $295 million to more than $1 billion. The state’s remaining utilities are in a “negative stranded cost” position, meaning the market value of their generating assets and purchase power contracts is higher than the book value for these assets in a regulated market.
- Restructuring is not expected to reduce the importance of natural gas in new generating capacity in Kentucky. During the past 10 years, all new capacity in Kentucky has been gas-fired. The last coal-fired unit, Louisville Gas & Electric’s 495 MW Trimble County plant came on-line during the early 1990s. “As the cost advantage for gas-fired generation continues to increase and the demand for electricity continues to grow during summer peaking months, the expectation is that new capacity will be gas-fired combustion turbines.”
  - The task force report disappointed Cinergy, perhaps the leading advocate of restructuring in Kentucky. Cinergy is the parent company of Union Light, Heat & power, which serves about 120,000 electric customers in northern Kentucky. It also is the parent company of Cincinnati Gas & Electric and PSI Energy.

Louisiana

After reviewing subsidiaries of Entergy Gulf States' plans to join the SeTrans regional transmission organization (RTO), the Louisiana Public Service Commission (PSC) ruled that it is "imprudent" for transmission-owning companies to join RTOs that require transfer of their transmission assets to a Federally regulated entity. The PSC asserted that the RTO would take away the state's authority over transmission matters. The commission also said that rates would increase for Louisiana retail customers if ratemaking were to occur at the Federal level, as FERC permits a higher rate of return than the PSC. The commission has requested cost-benefit studies of feasible RTO options from utilities in the state and has emphasized that the impact on native load customers should be a priority in selecting an RTO.
Utility Regulatory News, April 18, 2002

Maine

Still waiting after nearly three years of deregulation for the marketplace to work its magic and bring competitive electricity prices to the state, the Maine Public Utilities Commission is recommending to the Legislature that a temporary pricing program, called standard offer, be extended beyond its original deadline.

When the way power was bought and sold in Maine was restructured in March 2000, the traditional utilities - Bangor Hydro-Electric Co., Central Maine Power Co., and Maine Public Service - stopped making electricity, but continued to transmit it to homes and businesses. Deregulating the sale of electricity was supposed to entice outside power suppliers to enter Maine's marketplace and begin selling cheaper electricity to households and businesses.

As a failsafe, however, the PUC established standard offer prices in each of the three areas the utilities serve so that customers could be assured of paying a reasonable price for electricity until competitive suppliers could enter the market and offer them a better deal. For the vast majority of residential and small business customers, however, that hasn't happened yet.

About 90 percent of Maine's 500,000 households still use standard offer service for electricity. And those who aren't using the standard offer are actually paying more for power provided through alternative sources that are more environmentally friendly.

That's mostly because electricity suppliers have not found it profitable to sell power at below the standard offer prices set for residential and small business customers in Maine. By contrast, several suppliers have managed to compete to sell power to the larger businesses and industrial users in the state.

PUC Chairman Tom Welch said Wednesday that households and small businesses are nevertheless enjoying the benefits of marketplace competition because they have received "market-based standard offer prices" during the last three years. Outside power suppliers submit bids to become the standard offer provider, and the PUC selects the companies that offer the lowest price for consumers.

"The current lack of supplier interest in this sector appears to be driven largely by forces external to Maine," said Welch, in a statement.

Residences and small businesses in CMP's territory currently pay 4.95 cents per kilowatt-hour for power, while customers in Bangor Hydro's territory pay 5 cents per kilowatt-hour, and users in MPS's area pay 5.69 cents. Customers are charged extra for transmission in each territory.

Anthony Buxton, an attorney for the Industrial Energy Consumers Group, said Wednesday his organization disagrees with how the PUC sets the standard offer rate for households and small businesses, noting that it does not encourage competition if it is set too low. Companies have expenses, such as billing and marketing, that they must factor into their rates, he said, while the firms that provide standard offer service do not.

"As long as we in the state continue to breast feed [consumers], we cannot expect a marketplace to form," Buxton said.

To attempt to make the residential and small-business marketplace more competitive, the PUC wants to make it easier for companies to mass-market to households and shops, according to PUC spokesman Phil Lindley. The commissioners do not want to inflate standard offer prices so companies can more easily come in with lower prices to attract customers, he said. They would rather suppliers be enticed into selling power here with a little help from the transmission companies, who could make it easier to switch people over by providing mailing lists and other customer information, such as account numbers.

More than half of the state's medium and large businesses currently purchase their electricity from competing companies.

"In Maine, the percent of our electric load that is served by competitive suppliers is greater than in any other state," Welch said. "At this point, most activity is concentrated among larger business consumers, for whom competitive electricity supply is already a realistic and attractive option. For these customers, the standard offer should truly be a last resort and not just another supply option."

The standard offer program is set to expire in March 2005. The new 121st Legislature will begin debating the extension request next year.

Dec 05 - Bangor Daily News Bangor, ME -

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Two years after the state's electric industry was restructured, 88 percent of Mainers say they are unaware that the change occurred and that utilities have gotten out of the generation business, according to survey data released recently by the Independent Energy Producers of Maine.

The survey also found little awareness that customers can choose their own energy supplier. That's not surprising, the group said, because there's virtually no retail competition today in the residential market and almost all homes get power from the standard- offer service, through Central Maine Power in much of Maine.

The trade group commissioned the survey last June to determine Maine voters' attitudes toward state energy policy and the 1997 Maine Electric Industry Restructuring Law, which introduced consumer choice in 2000. Most of the group's members own power plants that run on renewable energy sources, typically wood waste and water.

Behind the survey is an agenda: The group wants to amend part of the law so more of the state's electricity supply comes from renewable resources. The inability of renewable suppliers to compete with natural gas and oil has forced six of Maine's 10 biomass power plants to close, and several small hydroelectric plants to go off line.

"These plants can't survive in a competitive market that looks at prices in the short term," said Beth Nagusky, executive director of the Independent Energy Producers of Maine.

Nagusky wants state policy to reflect the value of renewable energy to reduce the state's dependence on oil over the long term.

Phil Lindley, a spokesman for the Maine Public Utilities Commission, said he was surprised that so few consumers seem to be aware of restructuring.

That could change, he suggested, if the Legislature adopts a recommendation from a draft study the PUC is conducting on standard- offer electric service. The PUC will suggest a check-off for "green" power on home electric bills, starting in 2005. That would give customers the option to choose a renewable energy supply for their standard-offer service.

To date, the PUC has been focused on keeping home electric rates as low as possible. Green power generally costs more, and it's unclear how many customers will pay more for renewables, and how much more they would agree to pay. The group's survey, Lindley said, is designed to promote support for greater renewable supply.

"When anyone takes a survey," he said, "it depends on what you want the answers to be."

The energy group's survey was done by the Potholm Group and involved 400 residents. A total of 86 percent of those surveyed support amending certain aspects of the law, after being briefed on what the group considers its shortcomings. Among the findings:

77 percent think the law should be changed because it has increased Maine's dependence on foreign sources of energy.

88 percent think Maine should make more use of its domestic renewable resources to reduce reliance on foreign oil and gas.

60 percent want to change the law because it promised consumer choice but didn't deliver. By a 3-1 margin, respondents said they would like to have a choice that included a renewable resource.

60 percent agreed that tax incentives should be provided to Maine's renewable power producers.

Under Maine's restructuring law, at least 30 percent of the state's energy supply is supposed to come from renewable power sources. The idea was to support local power plants that make electricity from water or wood waste, for instance, and help Maine reduce its reliance on imported fuels.

But language in the law also supports cogeneration, when waste heat from burning fuel for manufacturing is used to generate electricity. As a result, natural gas, oil and even coal can qualify. The survey found that, by a 4-1 margin, respondents believe fossil fuels should not be treated like "renewable resources."

"I think it's apparent that the law isn't working, with respect to renewable resources," Nagusky said.

Last month, the PUC conducted its own survey as part of the standard-offer study. One theme was the value consumers place on increased choice of electricity suppliers as opposed to obtaining the lowest possible cost. It found that 58 percent of Central Maine Power residential customers, 52 percent of Bangor Hydro-Electric residential customers and 33 percent of Maine Public Service residential customers said they would be willing to pay slightly or much more for clean power.

More than half of residential customers and 40 percent of commercial customers said they would be very or somewhat likely to check a box on their bill to buy electricity from a clean fuel source, even if it raised their total bill by 10 percent.

Half of businesses said they would be willing to pay slightly or much more for "green" power.

Maine now has retail competition for about 60 percent of the power used by medium and large customers, although those power sources don't necessarily include renewables. By contrast, suppliers haven't found it worthwhile to compete for home customers. So it's not surprising the awareness of restructuring is low.

A challenge for the Independent Energy Producers of Maine will be to make this an issue for lawmakers, at a time when total electric rates have actually fallen for most customers.

"The rate impact could be a concern," Nagusky said.

Nov 19 - Portland Press Herald -

Maryland

Maryland Governor Parris N. Glendening signed Senate Bill 285 on April 25, which requires utilities in the state to conduct a study that will track in generation and emissions as a result of restructuring the electricity market. The study will be submitted to the Public Service Commission (PSC) and the Department of the Environment on or before December 31, 2003, and then be updated and resubmitted on December 31, 2005. If, after a review of the report, the Department of Environment determines that the emissions levels impose a higher emission burden in the state than exists, it will consult with the PSC regarding the appropriateness and feasibility of requiring an air quality surcharge. The goal of the surcharge would be to protect Maryland's environment in connection with the implementation of customer choice of electricity providers.

EnergyCentral.com; SB 285

Massachusetts - New

When Massachusetts passed the Electric Industry Restructuring Act in 1997, it became one of the first states to deregulate the electricity market. But a report just published by the Associated Industries of Massachusetts Foundation, Inc. (AIM) cautions that market forces unleashed by restructuring threaten the state's fuel diversity mix.

The report - Electric Industry Restructuring in Massachusetts: After the Revolution, the Evolution - states that New England's electric generation supply currently consists of a balanced combination of coal, natural gas, oil, dual-fuel (oil/gas), nuclear, hydro, and other renewable plants, along with power purchases from outside regions. Yet the authors are concerned that New England's reliance on natural gas to fuel all new plants may cause existing natural gas pipeline capacity to be approached or exceeded within a few years.

Under the bidding process established to set electricity prices in the wholesale market, natural gas power plants already set the price about 75 percent of the time in New England. The report notes that natural gas prices have historically been volatile, and there is no reason to believe that volatility will diminish significantly, meaning the region will become more susceptible to price swings in the wholesale electricity market. In short, New England electricity prices will track natural gas prices.

The report states, "Diversity of supply cannot completely insulate consumers from price swings in fuel costs, but it can help reduce their magnitude." It goes on to note that diversity of supply is also being threatened by increasing environmental regulation of the state's coal and oil-fired power plants. At the end of 2000, the Massachusetts Department of Environmental Protection promulgated new air emission regulations for NOx, SO2, CO2 and mercury emissions, which have been touted as the toughest in the nation.

"While it is important to support environmental quality, it is also important to assess the impact of regulations on fuel diversity, system reliability and cost to consumers," say the authors. Coal units set the wholesale price of electricity for several hours each day, and if coal units were to close, it has been estimated that it would cost Massachusetts consumers about $200 million in increased electricity costs.

Although the restructuring law created a renewable energy trust funded by a ratepayer charge of 0.075 cents/kWh to increase electricity fuel diversity by funding renewable projects, the results to date have primarily focused on technology analysis and strategic planning initiatives. Starting this year, each supplier must obtain at least one percent of its supply from qualified new renewable generation units.

The AIM study concludes that in order for these standards to be meaningful, viable renewable generation units must be in operation by that time, which now appears unlikely.

 Apr 18 - Power Engineering

Michigan

The Michigan Public Service Commission (PSC) announced on August 20 that the CHOICE Advisory Council subcommittee will implement a statewide education program to inform customers about electric choice and the availability of green power offerings, and to inform potential alternative energy service providers of their opportunities to participate in the customer choice program. The customer education program is required as part of the Customer Choice and Electricity Reliability Act that was passed in the State in 2000. The PSC approved the subcommittee's program plan in July 2001, but decided that market conditions did not warrant the program at that time. The advisory council has since advised the PSC that market conditions are now favorable for implementation.
Restructuring Today, August 21, 2002; State of Michigan Press Release, August 20, 2002

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Minnesota

Mississippi

The Mississippi Public Service Commission has ruled that it is not in the public interest to begin retail competition in the state at this time. May 2, 2000, PSC Chairman Nielsen Cochran said the commission had determined that because Mississippi was a low-cost state, deregulation would cut costs for some large users, but probably not for all users and that there was evidence some users might face higher total costs because of retail competition.

Also, because of the strong position of local utilities, Cochran questioned whether competing sellers would enter the state once the market was opened. If they didn't, he noted, small users would not have meaningful choices of suppliers.

He said the PSC believed it was unlikely the federal government would force states to deregulate their electric markets, but feared federal guidelines in areas such as transmission would be forced by the Federal Energy Regulatory Commission on those states which chose to deregulate, hiking costs for users.

He said that the PSC might be able to limit adverse impacts on users from deregulation through complex transition regulations. But it was unclear from experiences in other states whether true competition could actually be achieved after the transition period. It made sense for Mississippi to wait to see how things played out in those states before acting.

The PSC, therefore, found deregulation of the state's electric market would be premature at this time. Instead, the commission will monitor national developments and review the issue again if there is new evidence deregulation would be in the interest of all the customers.

The ruling effectively cancels a PSC staff plan issued in late 1997 to start retail choice in the state in January 2001. It also appears to insure that the state legislature will take no action on the issue in the foreseeable future.

A plan had been floated in the legislature to set up a committee to review electricity deregulation later this year. But lawmakers said they now wanted to review the PSC findings before making any decisions.

The PSC ruling should also give ammunition to anti-deregulation groups in nearby states such as Alabama, Georgia and possibly Louisiana, where state commissions are also deciding whether to deregulate.

Earlier this year, Entergy had supported going ahead with deregulation in Mississippi, saying it was inevitable. In a statement May 2, however, Entergy said it supported the PSC action to shift the initiative on the issue to the legislature but did not endorse the findings. Entergy stressed that the PSC order left the door open for restructuring at a future date.

In practical terms, the PSC action means that for the foreseeable future Entergy's utility system will be divided into a deregulated side in Texas, Arkansas and probably Louisiana and a regulated side in Mississippi.

Southern Company affiliate, Mississippi Power, which has opposed deregulation in the state, welcomed the ruling which it said was correct based on the data and testimony presented in PSC hearings. The company said the PSC should continue its "realistic" approach to the issue and act cautiously until there was clear evidence deregulation would be worthwhile.

Industry representatives in the state, who have lobbied since 1997 for immediate deregulation, opposed the decision and said it would keep electric bills higher than necessary.

Missouri

Eight Missouri utilities have formed the Missouri Energy Development Association in an effort to create a unified voice on legislative and regulatory issues in the State. In articles of incorporation filed with Missouri's secretary of state on October 7, the utilities stated that the new organization will "develop, organize, and promote measures to advance utilities' efforts to build, maintain, protect, and provide the utility infrastructure and services" critical to the citizens of Missouri. The organization will also serve as an information resource for legislators, regulators, the governor's office, and other state officials. In particular, the organization intends to provide members of the Joint Legislative Committee on Utility Regulation and Infrastructure Investment with an industry perspective on a variety of issues.

In May, the Missouri House adopted Senate Bill 57, creating the Joint Legislative Committee on Utility Regulation and Infrastructure Investment. The Committee will conduct studies on the State's utility regulatory process and make recommendations on how the process could be modernized to ensure sustained investment in infrastructure and promote fairness and balance among consumers and shareholders of regulated utilities. The Committee is scheduled to issue a report in 2004.

PR Newswire, October 7, 2002; Missouri General Assembly

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The Missouri House adopted Senate bill 57 on May 17, which would create the Joint Legislative Committee on Utility Regulation and Infrastructure Investment to conduct studies on the State's utility regulatory process. The legislation authorizing the study was introduced by Senator Sarah Steelman to make recommendations on how the utility regulatory process could be modernized to ensure sustained investment in infrastructure and promote fairness and balance among consumers and shareholders of regulated utilities.

Montana

Montanans on Tuesday defeated Initiative 145, which would have allowed the state to buy 13 dams owned by private utilities to furnish public power.

In addition, voters rejected Referendum 117 and threw out a controversial energy law backed by utilities and passed on the last day of the 2001 Legislature. It was the major energy bill from the session.

And Montanans, voting in Referendum 117, appeared to reject House Bill 474, the major energy bill passed by the 2001 session.

The buy-the-dams issue attracted the most attention of the seven ballot measures this year.

Tammy Johnson, campaign coordinator for Taxpayers Against I- 145, said she was delighted by the election results.

"This was designed to be a populist issue with very little facts behind it and we worked very hard and had a wonderful time, going through Montana and talking to folks about it," Johnson said Tuesday night. "We had a huge grassroots campaign. We hit most of the county fairs, and it was wonderful to get out there and talk to the people."

Although early pre-election polls showed I-145 leading, later polls found that Montanans opposed the measure.

"People just don't really start paying attention to issues in an election until it gets much closer," Johnson said. "As the election started closing in, more people started reading about it. We had an effective campaign both advertising and grass roots and it was clearly effective. Montana voters made the right decision."

Don judge, campaign coordinator for Dam Cheap Power, which sponsored I-145, said: "Given the fact that we spent $60,000 in cash and $40,000 in in-kind services. and they spent over $2.5 million, I think what we have done is create a wake-up call for Montanans about the impacts of electricity deregulation, the higher cost to consumers and beware utility companies, we're not through yet.

"Were going to keep dogging these guys," judge said. "Rates are going to go up again July 1, and as Montanans become more aware of just how much utility companies are taking out of their pockets and out of the state's economy, they're going to be more receptive to doing something about it."

Backers drafted I-145 in response the controversial Montana electric utility deregulation law passed by the Montana Legislature and signed by Republican Gov. Marc Racicot in 1997.

Taxpayers Against I-145 mounted an aggressive campaign, raising more than $2 million, with nearly all of it coming from PPL Montana and Avista, which owned the 13 dams that could have been subject to state purchase. Supporters mustered only about $50,000 and were outspent 40-to-1.

The opponents ran television and radio ads for weeks, along with newspaper ads. They rounded up a number of groups to oppose I-145, including the Montana Chamber of Commerce and Montana AFL-CIO, two groups not often on the same side.

Backers of the measure ran no advertising, but did distribute fliers around the state.

Dam Cheap Power, the group that wrote the initiative, drew support from the Montana Senior Citizens Association, Montana Progressive Labor Caucus and a few individual unions.

I-145 called for creating a new Montana Public Power Commission, with five members elected to four-year terms in 2004 from the same five geographical districts as state public service commissioners.

Under the proposal, the commissioners' first assignment in January 2005 would be to conduct a study - or more likely,' contract for a study - of the existing dams to determine whether it would be in the state's interest to buy them.

If so, the measure provided that the commission could negotiate with the utilities to buy the dams. If the utilities refused to sell, the state could use eminent domain to condemn that dams and pay a fair market value for them.

The measure provided that the state could issue up to $500 million in revenue bonds to, finance the purchase. The bonds would be repaid for with revenue from the power sales, not tax dollars.

Backers of the measure said it would provide electricity for $13 a megawatt hour compared with the $31 a megawatt hour that PPL Montana is selling this power for.

Opponents contended that passage would result in a $17 million loss in tax revenue that the utilities now pay in property taxes for schools and local governments. Backers said the initiative requires the revenue to be reimbursed.

Nebraska

This unusual state with a unicameral legislature and 100% public power has begun a three-year legislative study of the state's electric power industry. The goal is to examine moves towards competition in the industry nationwide and develop alternatives to enhance the ability of Nebraska's public power industry to thrive in a competitive environment. Phase I of the study, to be completed by the end of 1997, will be an examination of the structure of the power industry in the state and issues facing the state's electric utilities. Phase II will be an in-depth analysis of issues related to competition and of possible policy changes to strengthen public power's position in the future. This phase will begin July 1, 1997 and be completed by the end of 1999.

Nevada - New

State regulators Monday authorized MGM Grand, Park Place Entertainment and seven other large commercial customers to buy electricity from competitors of Nevada Power Co.

The nine major customers, which account for slightly more than 9 percent of Nevada Power's total sales, or 296 megawatts of electricity, were authorized to buy power from an alternative supplier.

In making the decision, the Public Utilities Commission determined that companies' departure would provide a $26 million benefit to the utility's remaining customers over the next three years.

The savings would result because Nevada Power would no longer need to make high-cost power purchases -- often the last purchases made on the market -- and would be able to reduce the average cost to the remaining customers.

"The order appears to be fair," said Sonya Headen, a Nevada Power spokeswoman.

Of the nine customers, only the Fashion Show mall was required to pay an exit fee, $44,000, to compensate remaining customers for costs associated with its departure.

The PUC allowed several large customers to leave Nevada Power's system last year, but they were required to pay a total of $4.2 million in exit fees. They allowed the deadline for their departure to pass in December without exiting the system.

Steven Boss, president of Nevada Energy Buyers Network, cited two factors that eliminated most of the exit fees this time. Nevada Power last year was locked into power purchase contracts and had to buy power from some suppliers at high prices whether it needed the power or not, Boss explained. Now, the contracts have expired and Nevada Power isn't locked into the high power prices.

Secondly, wholesale power prices were lower last year. As a result, the savings from the departure of large customers were smaller, he said.

"I think this time everyone is planning" on leaving the system, said Boss, who represents most of the nine major users planning on exiting the system. "There might be one or two that fall out of bed."

With the two exceptions, the applicants this time also have the advantage of being able to negotiate with three or more suppliers. In exit cases in 2002, Reliant Energy was the only supplier specified.

Of this year's nine major users, all except the Riviera and Imperial Palace listed three alternative suppliers -- Reliant, Coral Power (an affiliate of Shell Oil) and Sempra. MGM Mirage and Monte Carlo also may purchase the power from Arizona Public Service. The Riviera and the Imperial Palace listed only Reliant.

While power purchase savings will result, Nevada Power will lose a maximum of $4.2 million in revenue from power generation costs, the commission determined.

Commissioner Richard McIntire, presiding officer in the exit cases, provided the utility an opportunity to recover those expenses through a later rate increase if growth in power sales don't offset the losses from the departing customers.

Don Soderberg, PUC chairman, abstained from voting, because he spoke about the exit cases in a legislative committee hearing. The remaining commissioners voted 2-0 to approve the departures.

By John G. Edwards, Las Vegas Review-Journal -- April 1

New Hampshire

Unitil Corporation, the Governor's Office of Energy and Community Services for the Governor of New Hampshire, the Office of the Consumer Advocate, the Business and Industry Association of NH, and Representative Jeb Bradley announced a Settlement Agreement resolving all outstanding issues in the current phase of Unitil's electric industry restructuring proceeding. The Agreement, filed for approval by the NH Public Utilities Commission, has also been signed by the Staff of the Commission and by New Hampshire Legal Assistance. Unitil currently provides the lowest rates in New Hampshire, and will continue to provide the lowest rates in the state after restructuring.

Under the Settlement, Unitil will combine its NH distribution operations into a single company named Unitil Energy Systems, Inc. (UES), increase its distribution charges for the first time in almost 20 years, decrease its power supply related charges, and continue the process to restructure its power supply operations and implement Customer Choice by May 1, 2003. Unitil will recover fully the stranded costs that result from its power supply restructuring and will implement an anticipated net rate decrease of about 1% at the time of Customer Choice.

The Settlement is the culmination of months of discovery and discussion among the parties relative to the Company's original January 25, 2002, electric restructuring proposal. In May the parties announced agreement relative to the process for conducting the power supply restructuring process, a process the Commission approved on August 28 subject to certain modifications. The Parties are seeking Commission approval of the Settlement by October 28, 2002, in order to implement various rate changes effective December 1, 2002, and in order to complete the power supply restructuring process in time to implement Customer Choice on May 1, 2003.
Concord NH; September 4, 2002 -

New Jersey

Lower rates and greater choice were the big selling points of the historic bill that deregulated New Jersey's energy industry four years ago.

But a less publicized component of the law - a mandate to develop cleaner energy sources - could have more long-term impact in New Jersey.

Most green-power initiatives are still in their infancy, but corporations, regulators, and non-profit organizations are actively working to develop a wide range of promising renewable energy projects that will reduce reliance on fossil-burning electric generators.

From the rooftop of a highway discount warehouse in Gloucester County, where 1,330 solar panels were installed last spring, to the rolling hills of Warren County, where a wind farm is being developed, companies large and small are seeking new, cleaner ways to generate electric power.

The reason is simple, said Jeanne M. Fox, president of the Board of Public Utilities, which is responsible for overseeing energy policy in the state.

"New Jersey has bad air quality, and we need to do whatever we can to improve it," Fox said. "It is a major priority to get this right. The future of the state is at stake."

Cleaner energy is an environmental issue and a health issue, Fox said. "People in the state, uniformly across party lines, are supportive of improving air quality."

A goal is to get a balance between supply and demand, because fuels used to power plants when demand is highest, such as the dog days of summer, tend to be older and dirtier, she said. "That's why solar is so interesting, because it will produce the most electricity on hot days.

"Europe is getting into solar big time, and we need to catch up," Fox said.

Solar power here has increased dramatically on a percentage basis recently - 30 percent a year - but the base was low. Still, "the trend is good," Fox said.

The legal force behind the "green" power drive is a section of the Electric Discount and Energy Competition Act, approved by the Legislature on Jan. 28, 1999, and signed into law by Gov. Christie Whitman two weeks later.

In addition to rate cuts and opportunities for outside generating companies to compete with the established utilities, the law mandates a specific percentage of "renewable energy sources" within their power portfolios.

The law called for the percentage to grow annually until January 2012, when 4 percent of the kilowatt-hours sold in the state must come from renewable sources, including "solar technologies, photovoltaic technologies, wind energy, fuel cells, geothermal technologies, wave or tidal action, and methane gas from landfills or a [sustainable] biomass facility."

Toward that end, several promising projects got under way this year, including:

*-The BPU awarded grants totaling $11.3 million for four companies to develop renewable energy and for a fifth to study the feasibility of offshore wind power.

*-With financial support from the state, Green Mountain Energy Co. and Sun Power Electric opened a 1,330-panel, 52-kilowatt solar electric generation system on the top of the BJ's Wholesale Club in Deptford in Gloucester County.

*-Rex Lumber of Englishtown received a $560,000 rebate from Jersey Central Power & Light Co. under the state's Clean Energy Program after developing a biomass project using excess waste wood as fuel for a steam turbine generator.
*-Partners for Environmental Quality Inc., a statewide interdenominational faith-based organization, received $110,000 from the BPU to conduct pilot programs with churches and their parishioners on energy efficiency.

An irony is that these initiatives result from mandates in the deregulation legislation signed by Whitman, who last month in her new role as head of the Environmental Protection Agency called for a rewriting (critics say weakening) of some federal air quality standards.

Another irony is that competition, which was expected to be fierce when the deregulation law took effect 40 months ago, has virtually disappeared from the state, and price cuts that have been phased in since 1999 are expected to disappear on Aug. 1, 2003, when the four-year phase-in concludes.

The one major competitor remaining is the one marketing "cleaner" rather than "cheaper" - Green Mountain Energy Co., a Texas-based company whose electricity comes from a wide range of renewable sources. It has been a partner in many of the projects under way in the state.

In addition to its involvement with the solar generation at the Deptford BJ's, Green Mountain last spring won a contract to provide power to 196 state-owned facilities, including the State House in Trenton and Barnegat Lighthouse.

Under a 15-month contract, the company is providing 12 percent of the electricity purchased by the state, a total of 113 million kilowatt-hours.

Green Mountain officials said the contract allows the state to avoid 9,000 tons of carbon dioxide emissions, equivalent to the amount generated by making 136,800 car trips the length of the New Jersey Turnpike.

Compared with the four established utilities, which serve a combined 3.6 million customers in the state, Green Mountain is a minor player, with fewer than 2,000 customers.

"The key to getting renewable generation in New Jersey is customer demand," said John Holtz, a Green Mountain regional manager. "You can't have one without the other."

Unlike some of the companies that rushed into the state when customer choice became a reality in 1999 - and rushed out when capped rates and higher wholesale costs made it unprofitable to do business here - Green Mountain came into New Jersey at the urging of Partners for Environmental Quality, a five-year-old organization that promotes protection of the earth's resources as a moral imperative, a mandate in most religious traditions.

PEQ is using the money it received from the BPU, as well as donations from other sources, to create 10 "model congregations" around the state, and to work with the churches to explore ways to use renewable energy sources, said Fletcher Harper, an Episcopal priest who stepped down as rector of St. Luke's in Haworth last summer to become president of PEQ.

Already the organization has identified an Episcopal parish in Teaneck, a Unitarian church in Newton, a Jewish synagogue in Monmouth County, and a Baptist church in Trenton for the trial, and is in the process of identifying more, Harper said.

At the same time, the organization is creating 10 workshops around the state to educate church members and community groups of the benefits of energy conservation, he said.

"Where I preach, people frequently say to me they've never heard environmental concerns discussed in their church or in a sermon on a moral basis," Harper said.

Because Green Mountain has been the only available option, PEQ and some of its member churches have worked closely with the company, but there is no exclusivity, Harper said.

In fact, PEQ recently started working with Community Energy Inc., a Wayne, Pa., company that sells wind power in the state, and will work with any company offering green-certified power in the state, he said.

That should start happening later this year when the deregulation phase-in period ends, Fox said. "I expect competition."
Dec 09 - Record - Bergen County -

New Mexico

The key lawmaker who cautiously steered New Mexico toward deregulated electricity markets now expects to introduce legislation to pull the plug on the concept. State Sen. Michael Sanchez, said he supports the groups who recently agreed with Public Service Company of New Mexico to seek repeal of a law that will deregulate the state's electricity industry in 2007.

"I believe it's going to be repealed and I suspect that I will be the one to introduce it," Sanchez told the Journal in an interview. "Any time we can help the citizens of New Mexico with lower utility bills and reliable energy, that's important to us," Sanchez said.

Other lawmakers, including Senate President Pro Tem Richard Romero, House Minority Leader Ted Hobbs and Rep. Max Coll, say they expect widespread support for repeal of the deregulation law in the next legislative session.

"I never wanted to see the utilities deregulated in the first place," said Coll, who opposed the deregulation law drafted by Sanchez that passed in 1999.

PNM announced that it had reached an agreement with the Attorney General's Office, the city of Albuquerque and New Mexico Industrial Energy Consumers to reduce rates by more than $35 million over five years and to push for repeal of the deregulation law.

PNM hopes the Public Regulation Commission will approve that agreement before the end of December. The deregulation law was supposed to open the state's retail electric market to competition beginning in January 2002.

But, said Sanchez, "(The) Legislature agreed when passing the bill that if it did not look as though it would benefit people of New Mexico, it would be revisited," said Sanchez.

Last year, New Mexico legislators voted to defer deregulation until 2007 after witnessing the price increases and rolling blackouts that followed deregulation in California.

"The Legislature was very happy to go with the deferral. That means there were a lot of legislators unhappy with deregulation," said House Minority Leader Hobbs.

"I think it's in the best interests of the consumer to have very diligent control of electric rates," said Coll. Romero said that considering the lessons from California's misadventure into partial deregulation, "sometimes it's nice to not be on the cutting edge."

PNM said it will approach state legislators and ask them to support repeal of deregulation once the PRC has approved the agreement, said PNM spokesman Frederick Bermudez. "We expect to do this hand in hand with the other parties that signed the stipulated agreement," he said.

Under the agreement PNM also agreed to write off $10 million in costs associated with preparing for deregulation. PNM spent nearly $20 million on computer systems, legal and consulting fees to prepare for deregulation. The company wrote off about half of this cost in the second quarter of 2001.

As part of the rate agreement, PNM agreed to take a $10 million one-time charge against earnings, or 26 cents per share, to cover the rest of the costs instead of seeking to recoup it through rates. The charge will appear on PNM's fourth-quarter 2002 or first-quarter 2003 earnings report depending on when the PRC approves the agreement, said John Loyack, PNM's vice president, corporate controller and chief accounting officer.

"It is not easy for PNM to give up $10 million, but we all agreed to the settlement," Loyack said. "As in any negotiation, there is give and take on all sides. We felt the trade-offs in the settlement were equitable and the value we got in other parts of the settlement made it worthwhile for us to forego the opportunity to collect the transition costs," said Cindy McGill, PNM's vice president for regulatory and public policy.

By Rosalie Rayburn, Albuquerque Journal, N.M. -- Oct. 23

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PNM, New Mexico's largest utility, has reached an agreement with a group of large energy users, state officials and the city of Albuquerque that could pull the plug on the state Legislature's plan to deregulate electric utilities in 2007.

That agreement also would give the utility's 378,000 electric customers a 4 percent rate cut beginning Sept. 1, 2003 and another 2.5 percent reduction two years later. That rate in 2005 would be frozen until Jan. 1, 2008, according to the agreement which still must be approved by state regulators. Combined, the proposed rate cuts would reduce the average residential monthly bill by $2.78 per month, based on 500 kilowatt-hours of use.

The agreement calls for the signing parties to urge the state Legislature to repeal the law that would deregulate the state's electric utilities in 2007. That provision represents a complete reversal for Public Service Company of New Mexico, which successfully pushed for the deregulation bill passed by the Legislature in 1999.

Jeff Sterba, PNM's president and CEO, attributed the switch to major changes in the electric utility business since 1999. "I think what's changed is that the experiments to bring retail open access and retail competition to the fore have been mixed," Sterba said.

"You've got the California debacle which is an utter, abysmal failure largely because of bad design by the state and bad implementation," he said. "But even those states that are held out as examples of open access working -- Pennsylvania and Texas -- I think it's too early to tell whether or not they're providing benefit.

"I'm not sure it makes sense for New Mexico to take on the risk of being a leading edge, and potentially a bleeding edge, player" in deregulation, he said. The agreement would allow PNM to avoid a lengthy and costly rate case before the Public Regulation Commission.

The state's largest utility since November 2001 has met with various groups -- most of which traditionally participate in rate-setting cases -- in an effort to address numerous issues related to the state's planned deregulation. Issues have ranged from residential and commercial electric rates to how much oversight the PRC will have over PNM's investment in power plants.

Agencies involved in the process include PRC staff, the Attorney General's Office, city of Albuquerque, University of New Mexico, New Mexico Industrial Energy Consumers, which represents large energy users, and the U.S. Executive Agencies which represents federal interests such as Kirtland Air Force Base and the Department of Energy. Only two of those agencies -- UNM and the U.S. Executives Agency -- have not signed the agreement.

PNM spokesman Frederick Bermudez said UNM supports the agreement, and will likely sign it after going through its own internal approval process. The U.S. Executive Agencies probably won't support it, he said. Albuquerque attorney Lou Campbell, a utility consultant for that agency, referred questions about the agreement to Lt. Col. Bill Wells at Tyndall Air Force Base in Florida.

State Attorney General Patricia Madrid, whose office has been representing residential ratepayers and small business interests in the negotiations, said both are well served by the agreement.

The agreement not only includes $35 million in rate reductions, it "ensures the access to reliable energy from PNM for many years to come," Madrid said.

"Under the agreement, PNM can invest in potentially profitable so-called `merchant plants' which sell energy to others, but only under terms and conditions that protect New Mexicans' energy interests first and that guard against uneconomic investments."

PNM officials agree that utility customers aren't the only beneficiaries of the agreement.

"This agreement, this process, is an alternative to a litigated rate case," said Bermudez. Full-blown rate cases, he said, "take a lot of time and a lot of money."

"Generally, a litigated rate case takes one issue at a time -- rates only," he said. "This (process) looked at lots of other issues -- what else is on the table that PNM needs to look at as a company, and what's of concern to customers and other agencies. We got it all out on the table...."

"What we avoid is two litigated rate cases," said Bill J. Real, PNM's senior vice president for public policy. "We would have litigated a rate case, which takes 12 to 15 months to get through, and we would have litigated all the merchant plant issues in the current, docketed case."

Besides lowered litigation costs, Sterba said, PNM gains "a greater level of certainty about regulation and prices."

"And we know what the rules of the road will be about building new generation," he said. Uncertainty in those areas make it difficult to attract capital, he said.

The agreement also provides opportunities in the wholesale electric market, he said, because revenues made from those transactions will flow to PNM's bottom line.

Because the agreement has all parties supporting a renewal of the Public Utility Act -- under which PNM currently operates -- consumers are still protected, Madrid said.

PNM, which filed the stipulated agreement with the state's Public Regulation Commission hopes to get PRC approval by Dec. 31 -- before the next convening of the state Legislature.

Oct 11 - Knight Ridder/Tribune Business News –

New York

Dick Nolte was all set to pick a new electricity supplier, leaving New York State Electric & Gas Corp. to venture into the brave new world of energy deregulation.

Nolte had done everything a good consumer is supposed to do. He did his homework about the four energy marketers that were offering to sell electricity to NYSEG's customers and weighed their offers to figure out which one was best for him.

There was just one problem: By the time Nolte settled on an offer from Econnergy Energy Co., it already had signed up its fill of new customers and had stopped taking on any new residential consumers in NYSEG's territory.

And there's the rub in NYSEG's Voice Your Choice plan, which gives the utility's 800,000 residential customers through the end of the year to pick an electricity supplier: The choices, which were never especially eye-popping to begin with, are going out like a bad string of Christmas lights.

While four energy marketers signed on to NYSEG's program when it kicked off in October, the list is now down to two as the program enters the homestretch.

"That two of the four alternate suppliers have dropped out of the program is my major disappointment," says Nolte, who nevertheless thinks those two remaining options, plus the fixed- and variable- price offers available from the utility are adequate.

With time running short, only about an eighth of NYSEG's customers have taken the time to pick a supplier. (Customers who do nothing will be enrolled in NYSEG's fixed-rate plan.)

"We are very pleased with this response," says Clay Ellis, a NYSEG spokesman. "Our customers still have four choices."

Of course, this isn't just a NYSEG problem. Deregulation has been slow to take hold in New York and even across the country, as the collapse of Enron, coupled with the stock market's plunge and a dearth of financing have sent the energy marketing business into a tailspin. Power plants that would have put downward pressure on electricity prices aren't being built because of financial constraints. Most marketers are operating on tight budgets.

In NYSEG's case, a recent spike in wholesale electricity prices hasn't helped. Neither has the confusing way NYSEG's program was structured. Above all, marketers say it's an even bigger challenge to serve residential customers and make money doing it, while customers wonder whether it's worth all the effort to save, maybe, two or three bucks a month.

Add it together, and deregulation hasn't been the panacea for high energy prices that some supporters thought.

"It's very tough for a new retailer to be able to go out and buy ahead and then go out and convince someone to shift to them," says Gerald A. Norlander, the executive director of the Public Utility Law Project, an Albany-based advocacy group for elderly and low- income customers.

Ontario last month backed away from its fledgling electricity deregulation plan by reinstituting price caps on power prices through 2006.

In Pennsylvania, where National Fuel Gas Co. serves more than 200,000 customers, just 85 consumers are buying their natural gas from a marketer, down from nearly 18,000 in October 1997, when a pilot program forced residents in several communities to buy from a non-utility supplier.

That experience, coupled with the Iroquois Energy bankruptcy and the withdrawal of another major marketer, North American Energy, from its Western New York territory nearly three years ago, makes National Fuel chief executive Philip Ackerman skeptical that deregulation will work for residential customers.

"Marketing to residential customers . . . has been an experiment that has run its course and is going to fail," Ackerman told analysts recently. "How great a deal can it be if you have to pay people to get off their system?"

State regulators, for their part, are preaching patience. "Our view is that we have a very solid foundation in place," says David Flanagan, a state Public Service Commission spokesman.

"We always knew it was going to take time," he says. "We feel we're making steady progress."

Dec 24 - Buffalo News - Financial Edition -

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Gov. George Pataki has signed into law safeguards that give New Yorkers who buy natural gas or electricity from an unregulated energy services company the same consumer protections they have as utility customers.

Consumer advocates had pushed for Pataki to sign the bill, arguing that it would provide consumers with much-needed protections against being burned by financially shaky marketers and set important limits on the deposits and fees that customers might face.

Supporters also said the bill would protect consumers against being burned by a marketer like Iroquois Energy, which caused Western New York consumers to lose $1.8 million in prepayments and deposits when it went bankrupt in October 2000.

"I'm very happy," said William Ferris, a lobbyist for the American Association of Retired Persons, which had pushed for the governor to sign the bill. "Now, when consumers switch to a private energy company, it's going to be about price. It's not going to be about them giving up their rights as consumers."

The Home Energy Fair Practices Act, which was signed Friday and announced Monday, had unanimously passed the state Assembly and Senate in June.

Pataki spokesman Joseph Conway said Monday that the consumer protection bill will not only safeguard energy consumers, but also promote greater competition among energy companies.

Opponents had argued that the legislation will stifle the state's fledgling competitive market for electricity and natural gas by making it more expensive for marketers to operate and limiting their ability to offer innovative services and products.

The law makes marketers subject to the same fee limits that utilities now face, capping late payment charges at 1.5 percent of the balance. They also will be required to offer budget billing programs to all customers. While many marketers now offer deferred billing programs, they currently are not mandated.

Marketers also will be barred from collecting deposits unless a consumer has a history of delinquent payments. Prepayments, which allow marketers to collect from customers in advance, would not be allowed, eliminating the ability of independent suppliers to offer products like the one that caused Iroquois customers to lose hundreds of dollars when the company failed.

The law also gives marketers the ability to shut off service to customers who don't pay their bills under the standards set by the existing consumer protection legislation, known as the Home Energy Fair Practices Act. Marketers now are able to turn delinquent customers back to the utility, which then is responsible for deciding whether to shut off service according to the existing guidelines.

The Associated Press contributed to this report.

Dec 24 - The Buffalo News -

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If you get your electricity from New York State Electric & Gas Corp., you've got just 13 days left to pick a power supplier.

But as NYSEG's Voice Your Choice plan heads into the homestretch, half of the nonutility electricity suppliers participating in the program have stopped signing up new customers.

Two of the four energy marketers that had offered to sell electricity to NYSEG's residential customers -- Econnergy and Mirabito Gas & Electric -- suspended their offers to customers earlier this month.

That leaves NYSEG Solutions and Agway Energy Services as the only nonutility suppliers still offering to serve residential customers now served by NYSEG, which includes a large swath of suburban Buffalo.

The dwindling number of options that NYSEG customers have reflects the challenge that state regulators face in trying to develop a competitive market for electricity, especially for residential consumers who use relatively small amounts of power and, in the eyes of marketers, aren't especially profitable.

Under NYSEG's program, which kicked off in early October with a $2.6 million marketing campaign, the utility's roughly 800,000 residential customers have until Dec. 31 to pick an electricity supplier -- either the utility or an energy marketing company -- and decide on a pricing plan for that power.

So far, about 100,000 NYSEG customers have made their decision, said Clay Ellis, a spokesman for the Binghamton-based utility. Consumers who don't make a decision by the end of the year will automatically be enrolled in NYSEG's program to sell electricity to consumers at a fixed rate of 4.86 cents per kilowatt.

Econnergy, which initially offered customers a rate plan that would fluctuate with wholesale power prices but be capped at no more than 4.5 cents per kilowatt, stopped signing up new customers after hitting their target of 3,000 new consumers, said Jonathan Gewirtz, a spokesman for the Spring Valley, N.Y., energy marketer.

Since then, wholesale electric prices have spiked to around 5 cents.

Mirabito suspended its offer to residential customers earlier this month, citing market forces and the "deregulation environment."

Mirabito also stopped accepting new residential customers in the Niagara Mohawk service territory, as well.

Those withdrawals narrow the options for NYSEG customers down to variable rate plans from the utility, its energy-marketing subsidiary NYSEG Solutions and marketer Agway Energy Services. NYSEG Solutions also is offering a fixed-rate plan that guarantees consumers a savings of at least 5 percent from the utility's fixed rate over a two-year term.

"The reality is that, for 90 to 95 percent of the people, their service is going to come from the utility," said Gerald A. Norlander, the executive director of the Public Utility Law Project, an Albany-based advocacy group for low-income and elderly residents.

NYSEG's customers have had the option of buying their electricity from another supplier for several years, but few have done it, with just 2.7 percent of the utility's residential consumers making the switch by September, according to the latest statistics available from the state Public Service Commission.

Customers have a choice about only a portion of their total electric bill -- the actual amount of power itself used for lights, to run the television and any other electrical device. No matter what electricity supply option they choose, NYSEG will continue to deliver the power to their customers' homes within their service territory -- a service that typically accounts for more than half of a residential consumers' total bill.
By David Robinson, The Buffalo News, N.Y. -- Dec. 19
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Now that the door is open to retail electric competition in New York state, customers might want to look into shutting their windows to really cut their energy bills.

Shopping for a cheap rate might save some money -- but energy conservation can be more effective, some find.

"In our opinion, they ought to look at both," said Trip Tripathi, vice president of government and institutional business development for Houston-based Sempra Energy Solutions, an energy services holding company that also includes natural gas and electricity distribution in Southern California. "There's a much more significant impact on the energy consumption side than on the energy commodity side."

In the early 1990s, Albany Medical Center hired Sempra to do a comprehensive audit of its facilities.

Sempra found inefficient air conditioners. Energy-sucking lights. Leaky windows that, in cold weather, nurses would stuff with towels -- upon which nasty molds and mildews would grow.

Albany Med poured $8 million into energy-efficiency measures then.

Tripathi said Sempra guaranteed the savings from the project would cover the cost of the loan needed to do the work. And those savings have materialized, to the tune of $1.3 million a year.

The average homeowner, of course, will be looking at a much lower figure. But the New York State Energy Research and Development Authority says that a comprehensive energy audit can trim as much as 40 percent off homeowners' energy bills.

"We've got a network of certified contractors throughout the state that can go into a home and do an energy audit and find out where energy is being lost and where savings can be achieved," said Gary Davidson, a NYSERDA spokesman.

For $100, contractors will inspect a home, determining where air might be leaking out, where insulation might be skimpy, and how efficient the heating and cooling system is -- similar to the work Sempra does for its corporate clients, but on a smaller scale.

If a homeowner has work done, the $100 is deducted from the total bill.

NYSERDA also makes loans available for the work at a low 5 percent rate. Since the program started last year, 1,200 homeowners have taken out $7.5 million in loans.

Most often, homeowners need to install new heating systems, Davidson said.

For both large buildings and homes, a recent vintage doesn't mean energy-worthiness. While older structures might need more fixes, builders sometimes cut costs in newer ones at the expense of energy efficiency.

For information on the NYSERDA plan, call (877) NYSMART, or visit http://www.getenergysmart.org.
By Kenneth Aaron, Times Union, Albany, N.Y. -- Dec. 9
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Most people have a MEGO -- My Eyes Glaze Over -- moment at the thought of analyzing competing electricity plans.

But not Jeremy Tschudin.

The retired high school economics teacher thought picking out a new provider would be an interesting exercise.

Until he actually spent six hours wading through the plans.

"After trying to figure it out, I thought, `I can't figure this out,'(29)" said the Chatham resident. Eventually, he concluded that if he saved any money, it would be only a few bucks a month.

"I couldn't believe it was the conclusion I was supposed to reach," he said. But it was what it was, so he's going to remain with New York State Electric & Gas.

Tschudin is among 800,000 NYSEG customers who have until month's end to decide whether to stick with the utility for their electricity needs or go to a competitor. If history repeats itself, they'll sit still, too. And there's no way to tell when retail electric competition will develop enough for them to want to join the market.

Almost all of the state's residential electric users, when faced with the prospect of choice, have passed on it. Five years after the Public Service Commission opened the door for competitive electricity suppliers to enter the state, just 5.3 percent of New York's households have left the arms of their trusty utility.

Sure, that Dec. 31 deadline has spurred many NYSEG customers to take an interest in utility restructuring. "We're just bombarded with calls," said Russ Southard, vice president of Mirabito Gas & Electric Inc. of Sidney, Delaware County, a company that is ready to sell electricity to NYSEG customers. "But they're very disappointed."

Here's why: They're finding that while deregulation sounds great on paper -- more competition, lower prices -- it has been less than that in reality for residential customers.

"The thing that ticks me off the most is all the PR and hype about how much change there is," Tschudin said.

State officials acknowledge that the transition to competitive markets has been slower than expected. "We have always viewed this as a transition, more like a marathon than a sprint," PSC spokesman David Flanagan said. "It's going to take time. You're dealing with changing a 100-year-old monopoly. It's going to take time for customers to get used to the changes that are taking place."

So why the delay?

Blame Enron Corp. Blame California. Blame the stock market and jittery financiers who don't want to back the construction of new power plants, which would pump more electricity into the market and drive prices down.

"The macro picture is not good for retail competition," said Gerald Norlander, executive director of the Public Utility Law Project in Albany, a group that helps low-income and rural consumers with electricity matters.

Others, including Assemblyman Paul Tonko, D-Amsterdam, chairman of the Assembly's Energy Committee, say the state should be blamed for not giving consumers who switch electricity providers the same protections as those who don't. The lack of deregulation education among consumers is another criticism some have with the state.

"Maybe more people would sign up if they knew they had the same protections," said William Ferris, a lobbyist with AARP, the Washington, D.C.-based advocacy group for people over age 50. Earlier this year, state legislators unanimously approved an AARP-backed bill doing that; it has yet to be signed by Gov. George Pataki.

All of those problems boil down to the one thing that consumers care about:

"There's not that much money there for a small consumer," the Law Project's Norlander said.

That wasn't the expectation five years ago, when state officials pushed through an electricity deregulation package aimed at cutting New Yorkers' electricity bills, which were among the nation's highest.

Big businesses have benefited the most. Just 6.4 percent of business customers have left their utility, but those companies represent nearly a third of the state's electricity load.

For a variety of reasons, just a handful of alternate suppliers are welcoming residential customers in upstate New York who want to switch their electricity provider.

"Not enough volume, low margins and those are the people that are on the phone taking up customer service time," said Mirabito's Southard.

On Wednesday, one of the four companies offering service to NYSEG customers, ECONnergy bc cq ec Energy Co. Inc. of Spring Valley, Rockland County, pulled the plug on its offer because it has become unprofitable. The company enrolled 3,000 NYSEG customers, but will accept no more.

Now, just three companies remain.

Customers can stay with NYSEG and pay a fixed price for their electricity. But what they gain in stability, they might lose in savings: If the price of power tumbles, they'll still pay 4.86 cents a kilowatt hour. On the other hand, if rates soar, they won't feel the pain.

Other electricity suppliers are offering their own fixed rate, or one that goes up and down with the market.

Consumers trying to figure out their potential bills are getting tripped up by the complexity of the NYSEG plan, which experts say appears especially convoluted.

"Agway Energy Products is involved with eight different energy programs in two states, and I don't believe I've ever seen anything like it," said Michael Meath, a vice president for Agway.

NYSEG officials said in a statement that they are a "strong supporter of competition."

Electric bills are made up of two parts. One is for the electricity itself -- the actual electrons that are used to operate lights and coffee makers and televisions, for example. Retail competition invites consumers to pick the company that sells them this electricity.

The rest of the bill covers the cost of delivering that electricity over power lines to the home. That cost covers the bulk of a typical bill.

When state officials hatched their electricity deregulation plan, retail competition was viewed as a key component to help drive down New York's electricity costs.

Officials expected that lots of independent companies would stream into New York and build lots of power plants, creating healthy competition that would drive prices down. Then, retailers such as Agway, Mirabito and ECONnergy would step in and resell this electricity at low prices.

But those plants haven't been built. So there's not much gravity tugging down prices. And underwhelmed consumers aren't exactly insisting on change.

"We're not out there beating our chests because it isn't going to be super-beneficial," said Southard of Mirabito. "It's going to be a game of tenths of a cent."

Chatham retiree Tschudin, who did the math, said he figured he would save about $1.20 a month on his electric bill.

But even that small amount is worth chasing, some say.

"If you're walking down the street and see a dollar, do you bend down and pick it up? Or do you have to see a 20?" asked Jonathan Gewirtz, an ECONnergy spokesman.

Gordon Boyd's Saratoga Springs company, Salerni & Boyd Inc., puts together electricity packages for large groups, such as chambers of commerce. He argues that while NYSEG's literature is dense -- and hard for him to understand -- there are savings.

While most customers might be interested in switching only for savings, some companies are avoiding a battle based on rates and concentrating on other factors instead.

"While price is important, that's not the only potential benefit of a competitive market," PSC's Flanagan said.

A few innovators even promise higher prices: For a premium, they'll sell you energy from "green" sources, such as wind or solar power.

Others, such as Agway, offer customers a raft of services. A homeowner who buys natural gas from Agway gets free home-heating repair included in the rate.

"It's all about differentiating ourselves from the utility," said the company's Meath. "We're not just selling you a commodity."

Several experts referred to the rocky early days of telephone deregulation as a model that might be followed with electricity. Tschudin recognized that. "In many ways, that's worked out wonderful," he said. He can buy a telephone at the store for $10, instead of having to lease a clunky black one from Ma Bell, he said.

But it will take time.

"These programs are going to take awhile to catch on," Boyd said. "The programs are good. It's just going to take awhile to catch on."

By Kenneth Aaron, Times Union, Albany, N.Y. -- Dec. 9

North Carolina

The Study Commission on the Future of Electric Service in North Carolina http://www.ncuc.commerce.state.nc.us/electric/study1.htm, a commission appointed by the North Carolina General Assembly to examine electric service issues and retail competition, met for the first time in a year to discuss the status of deregulation in the state. At the meeting, Co-Chairman Sen. David Hoyle (D-Gastonia) predicted that the commission will recommend delaying the deregulation start date.

Sen. Hoyle explained that in addition to California's energy crisis, Enron's collapse has raised doubts about the benefits of deregulation. "Until we see absolute solid proof that there are adequate [power] supplies and that competition is a good thing, this commission will continue to tread water," Sen. Hoyle said. He expects the recommendation will be announced at the commission's next meeting. Until then, the commission will meet sporadically to monitor deregulation efforts elsewhere, including Texas and Virginia, which recently began electricity deregulation. In January 2001, the North Carolina commission decided that a deregulation program allowing customers to choose their power provider would start in 2006.

DOE 3/1/02

North Dakota

Changes in the state’s service territory law were defeated during the 1999 legislative session. A standing six-year legislative committee examining competition in the electricity industry is due to file a report during the legislature’s next regularly scheduled session in 2001.

Ohio – New

Rural electric cooperatives doing just fine, thank you

A warm and cozy TV commercial shows a young father in his suburban yard pondering how great it is to be a customer and part owner of a rural electric cooperative.

City and farm dwellers may wonder what that's all about. Ohio's 25 rural co-ops, including five small utilities in the Dayton area, are doing fine. But they are locked into captive markets. They can't lure customers from neighboring utilities. And members can't shop for power elsewhere.

Rural cooperatives in Ohio have opted not to be involved - for the time being - in the state's sputtering, 27-month-old electricity deregulation plan. But other key issues, including regional transmission of electric power, are yet to be hammered out and are a potential threat.

Co-op managers in Piqua, Greenville and St. Marys say the commercials help get the word out that rural cooperatives are member owned, locally controlled and self-regulating. And while not-for- profit, meaning they pay no federal or state income taxes, co-ops do pay school, excise and other taxes.

Even though their customers are decidedly fewer and often miles apart, local rural cooperatives sell electricity cheaper than investor-owned Dayton Power and Light Co. In addition, long-time customers often get a bonus of one month's free electricity.

Most importantly, the 900 distribution cooperative power companies in 44 states across the U.S. are looking with anxiety at deregulation and the swirling confusion and change it is forcing on the electric utility industry. They want national and state officials to be aware of co-ops and not trample on their rights and needs as they sort through the upheaval.

Ten percent of U.S. consumers on 70 percent of the land area get electricity from co-ops, according to Anthony J. "Tony" Ahern, president of the Ohio Rural Electric Cooperatives, Inc., in Columbus.

About five years ago as momentum was building for electricity deregulation, co-ops around the U.S. formed Touchstone Energy, a national alliance with a brand name to focus attention, Ahern said.

Ahern, an engineer, also is president of Buckeye Power Inc., the co-op's utility that owns two of the three electric units at the Cardinal Generating Station. The site is on the Ohio River south of Steubenville. Power from those coal-fired generators supplies power to the 25 Ohio co-ops and their 353,000 members.

Last year Buckeye Power added a $190 million gas-fired combustion turbine plant to supplement peak load demand. The 500 megawatt plant in Van Wert County is operated for Buckeye Power by Columbus-based American Electric Power Co.

President Franklin D. Roosevelt signed the Rural Electrification Act in 1935 that made loans available. Pioneer Rural Electric at Piqua was one of the first to get started. Pioneer, now with 14,586 members, was founded that same year and lays claim to installing the first rural co-op utility pole in Ohio. It also was one of the first in the nation, according to Ronald P. Salyer, a former DP&L manager who became Pioneer's president two years ago.

Pioneer, whose members include the Honda engine plant in Anna, has evolved from a service started by and for farmers into a largely suburban company. Currently, only 9 percent of member/customers are farmers.

Other area co-ops supplied by Buckeye include the Darke Rural Electric Cooperative, Inc., Greenville with 4,960 members; Midwest Electric Inc., St. Marys, 9,875 members; Logan County Cooperative Power & Light Association Inc., 4,129 members; and the Butler Rural Electric Cooperative Inc., Oxford, with 9,749 members.

By comparison, the Dayton Power and Light Co., has 500,000 customers across west central Ohio.

In contrast to increasingly suburban Pioneer, Darke Rural Electric's customers remain mostly farmers, according to Ted A. Holsapple, general manager.

"Co-ops started out in rural areas that no one else was willing to serve," Ahern said. "Co-ops really are the epitome of American self-reliance in practice. These people picked it up and did it themselves. It's probably one of the finest examples of what government can do to assist people in helping themselves."

Ahern said Buckeye Power and Touchstone now want political leaders in Columbus and Washington to keep rural co-ops in mind as they grapple with the thorny issue of regional transmission of power. He said the states may have moved too fast with deregulation before the federal government determined how wholesale power could be moved around the nation efficiently and fairly.

Buckeye Power leases long distance transmission lines from American Electric Power to move its power to local co-ops across Ohio.

Ahern said rural electrics are a special kind non-profit entity. "Any margins we make would be called profits at investor-owned utilities. They eventually are handed back to the consumers. We don't have an incentive to build up big margins."

Before the margins are given back, a portion of the money provides the small utilities with working capital to repair and replace lines and substations. "This is a very capital intensive business," Ahern said.

Surveys of co-op customers have found satisfaction with services to be very high, Ahern said. But as the years pass, some new members don't realize how they function and who owns them. He said the Touchstone program is designed to get the message out to the new owners.

Randy Mott, a Pioneer customer on Oak Lea Drive outside Tipp City, has lived in houses served by either DP&L or Pioneer Electric over the past 30 years. Mott said Pioneer provides high quality service, particularly when squirrels try to make lunch of his power line.

He said Pioneer analyzed how squirrels were shorting out his service and found a solution. The company trimmed trees to keep them away from the drop line.

"Our relationship with Pioneer has been great because we know the people," said Mott, a manager with the TipTop Canning Co., Tipp City.

Mott said he believes member-owned co-ops will survive deregulation and unresolved questions about regional transmission.

Mott serves on the nominating committee for Miami County's representatives on Pioneer's nine-member board of directors. Pioneer serves customers in Miami, Champaign, Shelby and portions of eight other counties.

"I think cooperatives are great because of the ability to communicate with, be close to and be a part of the management of the company," he said.

Source: Dayton Daily News research   Apr 09 - Dayton Daily News

Oklahoma

Restructuring Oklahoma's electric industry (commonly referred to as "deregulation") can benefit residential consumers, but there do exist problems and potential pitfalls. That's the finding of a first-of-its-kind study on restructuring done by the Oak Ridge National Laboratory at the request of the Oklahoma Corporation Commission.

"The study makes clear there are many areas of concern if the consumer is to benefit from competition," said Commission Chairman Denise Bode. "For example, one scenario in the study shows consumers could pay lower electric prices in the short term, but much higher prices in the long term if such issues as transmission capacity and differing generating costs from plant to plant are not taken into account."

"This is an extremely important issue," agreed Commissioner Bob Anthony. "Oklahoma should consider the safeguards suggested by this national study if it pursues electric deregulation in the near future."

The study warns that any restructuring plan must take into account the inherent competitive advantage that would be enjoyed by existing low-cost power plants. Such an advantage could result in higher prices in the long term because newer, higher-cost plants could be forced out of the marketplace.

The study also finds that Oklahoma would face an electricity "glut" if the state's transmission grid is not upgraded to allow the export of the electricity to other states. The study says that while such an over-supply of electricity could result in lower prices for the ratepayer over the short term, prices could eventually rise sharply as those companies unable to profitably generate electricity are forced to shut down, thus lessening competition.

The report presented today to the Commission is the second phase of the Oak Ridge study. The first phase of the study focused on the immediate impact on Oklahoma ratepayers if the electric utility industry were to be deregulated today, with no other concerns addressed. It concluded there would be an immediate sharp jump in electric rates.

This is the only restructuring study ever done using the sophisticated modeling analysis afforded by the Oak Ridge National Laboratory's technical and intellectual expertise. It allows for specific answers to the many "what-if" questions surrounding the complex issue of restructuring.

The study will be presented to the Electric Restructuring Advisory Committee meeting in Tulsa on Wednesday, November 7 (tomorrow). The meeting is scheduled for 10 a.m. at the Allen Chapman Center on the University of Tulsa campus. The Committee is composed of legislators and state officials who have been charged with the task of studying the restructuring issue and making a recommendation to the Legislature next year. Corporation Commission Chair Denise Bode is a member of the Committee.

Phase One and Phase Two of the study are available on the Oak Ridge National Laboratory's web site: www.ornl.gov
Press Release: Oklahoma Corporation Commission, November 6, 2001

Oregon

The Oregon Public Utility Commission took steps to jump start Oregon's competitive retail market. In response to a request made by Industrial Customers of Northwest Utilities (ICNU), the Commission approved a five-year plan that allows large commercial and industrial customers of Portland General Electric to pay a fixed transition charge if they decide to have their energy provided by an Electric Service Supplier (ESS) or a daily pricing option from Portland General Electric.

"This is something large industrial users asked for, and we are trying to accommodate them so that they will have better access to other suppliers in the marketplace," Commission Chairman Roy Hemmingway said. "It's a step toward creating the competitive retail energy market that was envisioned by supporters of the restructuring law."

The change is only available to customers whose average hourly demand is one megawatt or greater. One megawatt is equivalent to the electricity used by 750 homes.

Oregon's 1999 Electric Industry Restructuring law gave the Public Utility Commission responsibility to ensure costs are not shifted from one set of customers to another. Transition charges are designed to make sure that customers who buy from the market (through the utility or an ESS) do not shift costs to other customers.

Eligible commercial and industrial customer have been reluctant to choose power from suppliers competing with their local utility, since that option became available March 1, 2002. Many customers have said that the transition charges, which can vary from year to year, discouraged them from choosing an alternate supplier. The new change provides a fixed, predictable transition charge that will make it easier and more economic for customers to sign long-term deals with other suppliers of electricity.

Large customers may decide by November 8, 2002, to choose the five-year option. Customers who select the five-year option give up receiving the standard cost-of-service rate for at least five years. However, with a two-year notice, a customer can switch to any PGE option available to new customers for service after 2007.

Commission staff, PGE, competing suppliers and customer groups believe the five-year opt-out will spur movement toward direct access beginning January 1, 2003.

To date the Commission has certified seven Electric Service Suppliers to operate in the state.
National Association of Regulatory Utility Commissioners Bulletin, November 11, 2002.
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Portland General Electric (PGE) and Pacific Power have announced that enrollment in their renewable power programs has more than tripled since Oregon's electric restructuring law was implemented earlier this year. Prior to restructuring, approximately 8,200 customers participated in the renewables program, and now approximately 29,000 customers are enrolled. Since March 1, 2002, three renewable energy options have been available to customers. They include Renewable Usage, from 100 percent renewable sources and an additional cost of about $7 to $8 per household per month; Habitat, a salmon-friendly plan from 100 percent renewables that contributes a portion of customers' monthly bills to the rebuilding and improvement of local watersheds at an additional cost of about $9 to $11 per household per month; and Fixed Renewable, which is new wind power that can be purchased in 100-kilowatt-hour blocks for an additional $2.95 to $3.50 per month.
Energy Info Source, October 29, 2002

Pennsylvania

In April 2000, competitive suppliers were providing about 8,000 megawatts of electricity to businesses and residents in Pennsylvania. That's about 33 percent of the state's electric power, says Sonny Popowsky, the Consumer Advocate of Pennsylvania since 1990. Today, competitive suppliers provide only about 2,000 megawatts of electricity - or a little more than 8 percent of the state's electric power.

Many of the suppliers haven't found it profitable to offer electricity to the state's consumers and have left the area. According to the state's Public Utility Commission, a fourth of the startup electricity suppliers in Pennsylvania have dropped out of the market, and 44 percent of people using alternative suppliers have switched back to big utilities.

One supplier that has remained is Select Energy Services, a division of Northeast Utilities (NYSE: NU), based in Berlin, Conn.

"We've been in the Pennsylvania market since day one," says Joel Weinberg, a spokesman for the company. Day one was 1996, when Pennsylvania became the fourth state in the country to deregulate its retail electric companies.

Select Energy Services is licensed to sell power or power services in the 11 states from Maine to Maryland that allow for competition, Weinberg says.

While Select Energy does the most business in Massachusetts, New Jersey and New York, Pennsylvania "is an active market that we're pursuing customers in every day," he says.

Select Energy Set-vices has a sales force of about a dozen people calling on commercial and industrial customers in Pennsylvania, New Jersey and Maryland. Weinberg couldn't say how many customers it has in Pennsylvania, but he says the company has done well, in the Philadelphia area, up to the Lehigh Valley and Reading, and especially in the Pittsburgh area. Select Energy Services does not market to residential customers.

Weinberg says some commercial customers are switching because Select Energy can save them money. Most of its customers, Weinberg says, use power somewhat evenly throughout the day. "When you have customers that use power in ups and downs and spikes, it costs more to acquire, and so for us it becomes price prohibitive to supply those customers," he explains.

When Pennsylvania deregulated its regional electricity monopolies, it capped the rates they could charge for several years in exchange for allowing the former monopolies to recover the costs of their investments in power plants that they had built.

Weinberg says it can be difficult to beat the state's standard offer or default rates. "As long as the utility is in a position to provide power at very competitive prices, it's hard for marketers to come in," he says.

Fortunately, he says, the wholesale market has been dropping, and when it does, it fosters more competitive activity. Weinberg says Select Energy Services welcomes competition "because the more competition there is, the better for that consumer."

Popowsky agrees the stranded costs "have put a drag on everything." But, he says, they were necessary to get the rate caps, which are designed to protect consumers.

One reason that Select Energy Services has stayed and is able to offer services in Pennsylvania is that it's based in Connecticut, Weinberg says.

"It's possible that certain marketers, if they're based down south somewhere, they maybe just can't see moving an operation up here. But we're based in Connecticut, which isn't too far away, and we have offices in New Jersey and have people living in Pennsylvania who call on the area."

Select Energy Services offers not only electricity but also a comprehensive range of energy and water system services, engineering consulting, financing arrangements, and plant operation services to government, industrial, commercial and institutional clients.

One of Select Energy Services' customers in Pennsylvania is the Tobyhanna Army Depot in Tobyhanna, Monroe County.

"We performed a variety of conservation measures and found about $4.9 million annually in energy and operations savings at the base," Weinberg says.

Select Energy replaced the base's antiquated coal-fired boiler with 10 decentralized gas-fired boiler plants. To get the gas to the site, it had to build a 13.5-mile high-pressure gas pipeline, which was completed in 2000. The project is expected to save the base $4.5 million a year and will be paid for through a shared savings plan.

Select Energy owns and operates the new equipment. Tobyhanna did not put money upfront to build the project.

"We get our return by figuring out savings and taking a portion of the savings back over a period of time so the customer doesn't have to put out any money upfront," Weinberg says.

In some cases, the shared savings is over 10 years and in some cases it's over 20 years, Weinberg says.

Select Energy also offers environmentally friendly power choices for business and institutional customers in the northeastern United States. For example, in August, Select Energy announced an agreement with the General Services Administration (GSA) and Community Energy Inc. for the GSAs Binghamton, N.Y., federal building to be powered entirely by wind-generated electricity.

Rhode Island

Both chambers of the Rhode Island General Assembly returned from their June 4 recess to override vetoes returned from Governor Lincoln Almond on June 12, and before adjourning, the House passed the Senate's revised electricity bill (see June 7, 2002, issue of Electric Utility Restructuring Weekly). On June 18, the governor signed H 7786, which amends the state's public utilities law to allow for municipal aggregation. The law also supports renewable energy and self-generation, enhances state agencies' oversight capabilities by increasing the Public Utility Commission from three to five members and requiring electronic filing of certain documents, and more specifically defines the role of public utilities. The public law, number 144, can be downloaded from the Rhode Island General Assembly's web site at 2002 Public Laws.
EnergyCentral.com; Rhode Island General Assembly Press Release, June 13, 2002

South Carolina

South Carolina regulators want the ability to levy fines directly against utilities, a power they believe could prevent companies from filing fraudulent financial reports.

Now, the S.C. Public Service Commission is one of the few such regulatory bodies in the nation without the power to levy fines.

Members said Tuesday they will ask lawmakers to give them that power in 2003.

Commissioner Nick Theodore proposed the authority to fine last week, leading commissioners to discuss the matter further on Tuesday.

Commissioners also are interested in requiring top utility executives to personally attest to the accuracy of quarterly financial reports filed with the commission.

Both the Securities and Exchange Commission and the North Carolina Utilities Commission recently adopted such requirements for quarterly reports.

The new requirement, if adopted in the state, would apply to South Carolina Electric & Gas Co., Carolina Power & Light, Duke Power, S.C. Pipeline Corp. and Piedmont Natural Gas Corp.

In each case, the chief executive officer and chief financial officer would have to personally attest to the accuracy of their quarterly financial filings.

SCE&G spokesman Robin Montgomery said Tuesday that the utility would have no objection to such a filing to the commission.

Commissioner Buddy Atkins hopes to go one step further, and have utilities submit to the commission the same exact quarterly fiscal information they now have to submit to the SEC.

The discussion of fines and executive accountability closely follows a Grant Thornton LLC audit that found Duke Power underreported profits by $124 million in 1998-2001.

A Duke Power accountant, who last year blew the whistle on the company, claimed the underreporting was deliberate. The Grant Thornton audit cast no blame on Duke Power, which had said it never intended to defraud regulators in the Carolinas.

Utility regulators in both states recently approved a $25 million settlement with Duke Power, a subsidiary of Charlotte-based Duke Energy.
By Dave L'Heureux, The State, Columbia, S.C. -- Nov. 27

South Dakota

In February 1996, South Dakota enacted two laws giving the state’s Public Utilities Commission authority to use incentive rates and allow flexible and competitive ratemaking. As of August 1999, there were no new legislative or regulatory restructuring developments.

Tennessee

Texas – New

With a little over a year of electric utility deregulation behind them, Texans supposedly have saved about $1 billion on their electricity bills, according to the Public Utility Commission of Texas.
However, those savings have come with a share of headaches as both consumers and the companies competing to provide electric energy to homes and business work to navigate the uncharted waters of deregulation.

Consumers in the Rio Grande Valley and elsewhere in the state have gotten unexpected disconnect notices, have been hit with unanticipated fuel surcharges and have experienced a host of billing problems that have caused them grief and cost them hours on the phone with their energy providers to clear up erroneous charges or, in many cases, just to get a bill.

What's more, even though deregulation proponents say electric consumers in the Valley and across the state saved $902 million in 2002 because of the introduction of competition among providers, those savings may have been due more to initial fixed pricing -- designed to level the playing field among competitors -- than actual free-market competition.

Although energy experts acknowledge that thus far the state's deregulation of electricity primarily has benefited large industrial users, they believe that the competition it has fostered ultimately will result in lower bills and better service for everyone.

They point out deregulation is still in its infancy and will need time to pay its full benefits to both large and small consumers.

It was on Jan. 1, 2002, after years of planning, that Texans who got power from large energy corporations first were allowed to go shopping for electricity. Those consumers accounted for about 85 percent of the state, including most of the Valley area with the exception of Brownsville, which has a municipally owned electric company, and the more rural parts of Hidalgo and Cameron counties, which are served by an electric cooperative.

Thanks to initial rate setting -- which prohibited companies, like CPL in the Valley, which once controlled area energy monopolies from immediately adjusting their rates until 40 percent of customers had switched companies -- customers automatically saw a 6 percent rate decrease, even if they didn't change providers. Texas called this initial rate-setting the "Price To Beat." Were it not for rate-fixing, the former monopoly providers could have undercut new competitors while taking advantage of their name recognition to hoard market share, said Lynne Kiesling, an economist at Northwestern University and director of economic policy at the Reason Foundation, a California-based Libertarian think tank.

However, the fixed rates may cost consumers more money, said Kiesling, who would rather see more deregulation.

"I wouldn't say it is artificially inflating prices," she said. "It's keeping prices from plummeting." Tim Morstad, a policy analyst with the national consumer watchdog group Consumers Union, disagrees. He believes energy companies absolutely are inflating prices.

Companies like CPL Retail Energy -- the former monopoly provider in South Texas, which still has about 94 percent of the market -- are making a windfall by raising fuel surcharges which can be added to customers' bills to offset increases in the cost of generating electricity, he said.

Under the law, the former monopoly providers can raise fuel rates just two times per year, subject to approval by the utility commission.

CPL last month raised fuel rates by almost one-third, tacking on an average $14 to its monthly bill. Morstad thinks the increase is out of step with actual fuel prices and that CPL is taking advantage of its monopoly.

Shaun Kingsbury, vice president of sales and marketing for Centrica North America, which acquired CPL in December, denied the charge.

"I think if energy prices decrease significantly, then we would very much like to reduce our price ," he said. "That is certainly our plan." Morstad remains unconvinced.

"We've got unregulated monopolies, or very minimally regulated," he said.

Energy retailers strongly disagree.

"If what they were saying were true, you would have hundreds of competitors coming into the marketplace saying there are fat margins in this marketplace," said Chris Schein, media relations manager for Texas Energy Services Inc. (TXU), which used to monopolize the Dallas-Fort Worth area and is aggressively courting customers in the Rio Grande Valley.

Schein said retailers would jump into the marketplace and continue to undercut rates until profit margins were squeezed to almost nothing.

Yet, even electric companies think the Price to Beat is controversial.

"We weren't proponents of the Price to Beat," Schein said.

"It essentially froze our prices," he said. "Under the Price to Beat, we are prohibited from competing in (our own monopoly) territory."

Still, customers mostly have shown complacency with their old monopoly provider, even though some competing companies boast rates up to 20 percent lower. Fewer than 10 percent of Texas households have switched companies and just 6 percent of residents in the CPL territory in South and West Texas have changed.

And few plan to.

Ever since Zulema Durbin moved from one house in Weslaco to an apartment complex there, she has had to call CPL monthly to get her bill, and still gets mail referring to her old account at her former residence. Still, she said she is not complaining and she is not switching companies.

"The last time I called, they didn't have us on the records," said Durbin, who moved in August. "It doesn't bother me too much. It doesn't take very long to call." Many do not know about competition or don't think much about who provides their electricity -- as long as it's working.

Weslaco resident Sandy Chrostowski said she had heard about deregulation but didn't know much about it and wouldn't know how to switch companies.

"I hadn't thought about it," she said.

The reluctance to switch is not a surprise, said PUC spokesman Terry Hadley.

"Everyone realized that, much like phone service, not everybody was going to jump ship and find another company," he said. "It's human nature that if you are somewhat OK with the system, you are just going to stay put." Consumers Union's Morstad said PUC will not be able start to measure the success of deregulation until customers start to switch companies.

Probably the biggest complaint lodged by Morstad's organization is that the consumers haven't really saved any money.

The Texas PUC disputes that.

PUC in February reported residential consumers paid $902 million less in electric bills in 2002 than the prior year, including $68 million saved by CPL customers in South Texas.

Of that, $225 million came from the mandatory 6 percent reduction and $677 million from reduced fuel costs, which are determined by the market and not by deregulation.

Neither of those factors has anything to do with market competition for electricity rates.

"If we're talking about the success of deregulation, we should look at what the true competitive forces have accomplished here, and that is significantly smaller," Morstad said.

If 100 percent of customers switched to the cheapest rate offered in their area, the PUC report stated, Texas residents would have saved an additional $636 million.

B ut that didn't happen. And, because fuel prices increase with less oversight than they used to, Morstad said, there is no way to determine whether consumers would have paid more or less under the old system.

"The tragedy is, we have no idea whether people are getting a good deal anymore," he said.

By Jessica Rocha, The Monitor, McAllen, Texas -- April 18

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Electric choice is a lot simpler for Margaret Espinoza than it is for most people living in the Rio Grande Valley.

Espinoza lives in Elsa, so for her, it's either Magic Valley Energy Cooperative or a car battery. Espinoza is one of about 110,000 customers in the Valley unaffected by the sweeping changes of energy deregulation that took effect across about 85 percent of Texas starting Jan. 1, 2002.

While electric deregulation meant the vast majority of Texans who were getting plugged in through corporate energy structures would get to choose who sold them their electricity, nothing changed in areas like Brownsville and some mostly rural parts of Hidalgo and Cameron counties.

With the advent of deregulation, government- and cooperatively owned utilities like the Brownsville Public Utilities Board and the Magic Valley were able to choose to open their markets to private energy retailers.

Most decided against it, arguing they could give their customers better, cheaper service by remaining a monopoly.

"We are not in the business of making money," said Brownsville PUB spokeswoman Emily Ordeman-Salazar. "We are in the business of providing electric services to the customers and they are our owners. To them, their equity in the company is they are going to get low rates (without worrying about pleasing investors)." Indeed, the customers in Brownsville and the Magic Valley areas have some of the lowest energy rates in the Valley. Currently, Brownsville residents pay $85.49 per month for 1,000 kilowatt-hours of electricity and Magic Valley residents pay $93 for the same.

By comparison, CPL Retail Energy, which provides energy to more than 90 percent of the deregulated market in the Valley, charges $109 for 1,000 kilowatt-hours per month.

Besides not having to worry about shareholders and profits, electric cooperatives and government-owned utilities say they are able to keep prices down because they own their transmission lines and do their billing in-house.

With deregulation, the Legislature established safeguards to prevent the monopoly providers that own transmission companies and generators from completely exploiting those relationships.

Brownsville PUB also generates its own electricity, while keeping an eye on market prices to gauge if and when it should purchase energy from other sources. Magic Valley credits its low rates on a renegotiated long-term energy contract last year, said Magic Valley's Bernie Saenz.

In north Brownsville, PUB does compete for some of its customers, though, because in newer parts of town transmission lines were built by private companies. Magic Valley also competes for some of its customers.

And just because Magic Valley and Brownsville PUB do not compete more widely now, it doesn't mean they won't in the future. Both could opt into the deregulated market, offering energy to those outside their boundaries in exchange of allowing retailers access to their customer base.

By Jessica Rocha, The Monitor, McAllen, Texas -- April 18

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Electric deregulation wouldn't come to portions of Northeast Texas until at least 2007 under legislation winding its way through the Texas House and Senate.

The legislation would delay implementation of full-scale retail electric competition for about 167,000 customers of the Southwestern Electric Power Co., or SWEPCO, and end a largely unsuccessful deregulation test project in the area.

Under the state's 1999 deregulation law, electric companies compete for customers throughout much of Texas. Most of the competition has been focused in large urban areas.

Because of a lack of needed infrastructure, however, SWEPCO's 8,000-square-mile service territory has been exempted from most aspects of the deregulation law.

Although the law requires Southwestern Electric Power to continue implementing a deregulation test project -- at an estimated cost of $500,000 per year -- no other company has taken advantage of it to compete for customers.

That's why supporters of the companion bills by state Sen. Bill Ratliff, R-Mt. Pleasant, and Rep. Bryan Hughes, R-Mineola, want the Legislature to make sure the area remains shielded from the deregulation law -- at least for now.

Although the Texas Public Utility Commission has blocked competition in the SWEPCO area, the agency has the discretion to change course.

Supporters of Ratliff's Senate Bill 1437 and Hughes' House Bill 3053 want more certainty, said Larry Jones, a company spokesman.

"The concern of the cities [that support the legislation] is that the current path to retail competition was anything but certain," Jones said.

He also noted that customers pay about 35 percent less for electricity in his company's service territory than they would in nearby service territories.

Meanwhile, a behind-the-scenes dispute over the legislation has had an unexpected effect in the Capitol.

Because of a parliamentary maneuver by one of the bill sponsors, the Senate has delayed consideration of unrelated legislation to remove the near-monopoly status of a West Texas utility.

That company, Midland's Cap Rock Electric, remains free from rate regulation and competition. No other investor-owned utility in Texas enjoys such treatment.

Senate Bill 1280 by Troy Fraser, R-Horseshoe Bay, would end that treatment.

The high-profile bill was to have been debated by the Senate early this week, but now it won't be taken up until at least next week because of a parliamentary maneuver by Ratliff.

Ratliff said he hopes to amend his SWEPCO legislation onto Fraser's Cap Rock bill.

To make that possible, Ratliff used a parliamentary maneuver to delay the Senate's consideration of the Cap Rock bill for at least a week.

SB 1280 would undo a Cap Rock-related amendment to the deregulation law that Fraser sponsored in 1999, as well as a related amendment sponsored by Rep. Tom Craddick, R-Midland, who now presides as Texas House speaker.

By R.A. Dyer, Fort Worth Star-Telegram, Texas -- April 4

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Following TXU's recent increase in electric rates, some power companies are being more aggressive with pricing and boosting competition in what has been a stagnant retail electricity market since deregulation began last year.

TXU's new average monthly rate, which went into effect this month, is 9.7 cents per kilowatt-hour. That's $97 for 1,000 kilowatt-hours -- $10 more per month. TXU said it needed to raise prices after natural-gas costs more than doubled in the past year.

Most of its unregulated rivals in the Metroplex are following suit.

Reliant Energy pushed up its rate from 8.2 cents per kilowatt-hour to 9.2 cents, and First Choice Power, owned by Fort Worth-based Texas New Mexico Power, is going from 8.2 cents to 9 cents.

But a couple of the providers have decided to buck the trend and keep their rates the same. The result is the widest gap -- as much as 18 percent -- between TXU's regulated "price to beat" and the lower-cost providers' prices since Texas deregulated its market 15 months ago.

So Texans may now begin to see a glimmer of the benefits they were promised four years ago when then-Gov. George W. Bush signed the electricity deregulation law.

Entergy Solutions, a subsidiary of the New Orleans-based utility, plans to stick with a price of 8.2 cents per kilowatt-hour, 15 percent below the TXU rate. Entergy's retail vice president, Jim DeLong, said the company would back up the savings with more-aggressive marketing.

"The customer has told us, basically, that they want a savings of 10 percent or more before they'll switch, and frankly, there hasn't been much savings until now," he said.

DeLong said TXU has been "very aggressive" in trying to keep its 2.7 million-customer base in the Metroplex and much of North and Central Texas.

"Deregulation has been a hard go in Texas because of the power of the incumbents," DeLong said.
Another new provider in the local market, Houston-based Gexa Energy, plans to keep its residential electricity rate at 8 cents per kilowatt-hour. That is 18 percent below the TXU rate.

"We have no intention of raising our rates," said Gexa President Neil Liebman of Houston. "We just aren't going to gouge the customer."

Liebman said that after increases by TXU in the Metroplex and by Reliant in Houston, "we had to add four new telephone salespeople to handle the calls."

Since deregulation began in January 2002, critics have been in full throat about what they consider to be skimpy -- generally single-digit -- spreads between the regulated price to beat and the rates of the unregulated competitors.

The criticism got louder after the local price-to-beat utilities -- TXU in the Metroplex and Reliant in Houston -- received the state's permission to raise their rates last summer and again last winter.
Most of their unregulated competitors followed suit.

"The latest tall tale to come out of Texas is the one about how the state has succeeded on electric deregulation while everyone else failed," said Janee Briesemeister, senior policy analyst at the Southwest Regional Office of Consumers Union.

"Most consumers in the state are paying more for electricity today than before deregulation -- a lot more. We've seen it all in Texas -- "gaming," price spikes, bankruptcies, canceled power plants, transmission constraints, inaccurate billing, operational problems, and a skyrocketing number of consumer complaints."

Gary Rasp of the Austin office of Burson-Marsteller, the advertising and public relations firm hired by the state to help promote deregulation, said persuading Texans to change energy providers "has been a challenge, to say the least."

Rasp said the notion that savings are limited has been a stumbling block to persuading more than 10 percent of Texas' 6.5 million residential electricity customers to take advantage of their newfound right to shop around.

One price-cutting stimulant, if it ever comes to that, is the ability of regulated utilities such as TXU and Reliant to play with unregulated rates in each other's back yards.

But so far, the competition between TXU and Reliant in each other's territory has been more gentlemanly than cutthroat. In the Metroplex, Reliant has raised its rate from 8.2 cents per kilowatt-hour to 9.2 cents.

TXU will raise its Houston rate from 8.7 cents to 9.3 cents, effective May 1. The new TXU rate for Houston follows Reliant's increase from 9.2 cents to 10.1 cents.

"We will always try to be about 7-8 percent below the price to beat in another service area," Chris Schein of TXU said.

First Choice Power has increased its rate in the Metroplex from 8.2 cents to 9 cents.
Everybody cites the increased cost of natural gas, which now generates almost 70 percent of all electricity in Texas, as the reason for the higher rates. Natural-gas prices rose from $3.30 per million British thermal units last May to more than $7 in February.

"The price of wholesale power is higher because of natural-gas prices," Reliant's Pat Hammond said. "We have to reflect that. We don't want to offer an unrealistic price."

Green Mountain Energy, which offers electricity generated by wind power at huge turbine farms in West Texas, has raised its prices.

Green Mountain, which has always priced itself above TXU's price to beat, increased its charge from 9 cents per kilowatt-hour to 10.3 cents. In Houston, Green Mountain's price is 11.1 cents per kilowatt-hour.

"Wind energy is not immune to other energy prices," said John Savage, Green Mountain's Texas regional president. "We're not immune to overall market conditions."

RETAIL ELECTRICITY PRICES THEN AND NOW

The average price per month of the various electricity providers just before TXU's approved rate increase and last week, based on 1,000 kilowatt-hours of hours use per month. Monthly charges are included:

Company	March 6	Friday
TXU	$87	$97
Green Mountain*	$90	$103
Reliant	$92	$92
Cirro	$83	$90
Gexa	$80	$80
Utility Choice	$82	$90
Energy America	$85	$93
Entergy Solutions	$82	$82
First Choice	$82	$90
ACN Energy	$81	$99

*The Green Mountain price is based on a month-by-month contract.

Green Mountain offers a guaranteed rate of $105 per month for 12 months.

By Dan Piller, Fort Worth Star-Telegram, Texas -- Mar. 31

Utah

PacifiCorp filed proposals with regulators in five states to create individual electric company subsidiaries in each state that would contract for power from a single generation company, a move PacifiCorp hopes will allow it to move toward deregulation in different paces in different states.

The company proposes to create a single generation company and a single service company with PacifiCorp's transmission controlled by RTO West, the nascent regional transmission organization, while all new companies would be PacifiCorp subsidiaries, said a PacifiCorp spokeswoman.

PacifiCorp – which operates in Utah, Oregon, Wyoming, Idaho, Washington and California – did not file the proposal in California because its territory in that state is being sold, said the spokeswoman. Of the remaining five state, Oregon is closest to deregulating, she noted, while the others are moving more slowly.

An Oregon law grants large commercial and industrial customers open access beginning October 1, 2001. State regulators had asked PacifiCorp to file by December 1 a plan identifying which of the company's resources would be dedicated to serving the small commercial and residential customers who will remain with the company.

The re-alignment and the use of state contracts are designed to help the company meet the Oregon requirement. "What the contracts will allow us to do is allocate the costs and benefits of resources to an individual state on a permanent basis," said Andrea Kelly, director of regulation for PacifiCorp. "As it stands now, the way costs and benefits are allocated is dynamic, based on what happens in an individual year," she said.

But an economist for the Utah Public Service Commission and an attorney for the Oregon Citizens Board were skeptical about the benefits of the proposal.

Jason Eisdorfer, attorney for CUB, a consumer group, said that while his organization understood that PacifiCorp is trying to find a way to meet the requirements of Oregon's restructuring law, CUB will not support the individual state utilities signing long-term contracts with a generation company. He said that CUB does not trust PacifiCorp's new owner – ScottishPower – and does not think negotiating long-term contracts with ScottishPower is a good idea. CUB's distrust is due, in part, to the fact that the group has had difficulty negotiating agreements with ScottishPower, Eisdorfer said.

Rich Collins, a utility economist for the Utah Public Service Commission, said he is worried about how the PacifiCorp proposal will affect prices for customers in other states. One of the main purposes of the re-alignment, he said, seemed to be to meet the requirements of Oregon's restructuring law, but the re-alignment didn't seem to offer benefits to other states, he said.

PacifiCorp's Kelly said that under the proposal, PacifiCorp envisions that the state electric companies would sign contracts for power that would be tied to the life of a given PacifiCorp generating resource. The electric companies might pay an initial price that would escalate with an index over time, she said.

Kelly said the contracts would allow each state electric company to acquire resources or make decisions without seeking approval from the regulators in other states in which PacifiCorp operates. "Once the contracts are established and the state electric companies are established, Washington could meet its load growth however it saw fit without seeking the opinion of other states," she said. "If power is needed, the state electric company would issue an RFP. PacifiCorp Generation could respond to it, and so could other suppliers," she said.

Vermont

Central Vermont Public Service and Green Mountain Power have proposed to the Vermont Public Service Board that retail choice begin in the state in September 2001, saying the almost two-year delay would give them time to renegotiate supply contracts with Hydro-Quebec and local independent power groups and reduce stranded costs.

In March 1999, the two utilities issued an outline for restructuring in Vermont which called for competition to start in early 2000, but since then they have been unable to buy down high cost contracts with Hydro-Quebec and local independent power producers.

In the case of Hydro-Quebec, Senator Jim Jeffords recently failed in an attempt to force a deal by threatening to void the power sales contracts and it is unclear when talks will move ahead.

For the local IPP contracts, the utilities are pursuing a separate case before the PSB to get costs reduced by administrative action. And in October, the Vermont utilities selected AmerGen to buy the Vermont Yankee nuclear plant – the largest generation asset in the state. But that deal will also not be completed until later in 2000.

In a new restructuring proposal, filed with the PSB November 23, 1999, the two utilities said they would voluntarily give up their generation supply obligations and become wires only companies with exclusive rights to provide service to their existing franchise areas.

They proposed that the PSB certify energy marketers in the state and subject them to several conditions including a renewables portfolio standard and air emissions limits. They also recommended that the PSB handle procurement of default and standard offer service.

At the same time they said the PSB should hold a series of workshops on key issues to work out detailed rules based on input from all parties.

CVPS attorney Morris Silver, said the plan was a "careful and prudent approach to customer choice" which would provide time to settle stranded cost issues well in advance of final PSB decisions on rates.

The utility proposal is designed to be implemented by the PSB alone without the need for legislative approval – a tactic aimed at circumventing objections to restructuring by key members of the Vermont House of Representatives who blocked earlier proposals. But utility officials also said they would also welcome legislative support for the plan.

Virginia

Early last year, while living in Philadelphia, Rick Rivera switched from his old power company to a new one.

Three months later, his new supplier went out of business.

The experience left Rivera, now a Virginia Beach resident, disappointed but still interested in energy deregulation. Yet even a consumer as savvy as Rivera, who works in the telcommunications industry, didn't know that Virginia state law lets him choose his power company.

"There hasn't been a very widely communicated program so people know choice is coming," he said. "I've seen nothing in any form of media to clue me in that this was going to be available."

A Web site, toll-free hotline and advertisements aim to let Hampton Roads residents know that as of New Year's Day, they could choose their electricity supplier. Dominion Virginia Power customers in Northern Virginia and Richmond had a choice as early as January 2002.

Still, a majority of Virginians know little, if anything, about their new option. Only 35 percent of Hampton Roads consumers have heard that Virginia is deregulating its energy industry, according to a state survey.

Dominion Virginia Power customers have only one additional choice, and that one costs them more. But information about these changes became harder to find just as they reached Hampton Roads.

The State Corporation Commission, charged with informing Virginians about deregulation, halted its education campaign Wednesday in response to proposed state budget cuts. Gov. Mark R. Warner wants to suspend the campaign through June 2004 to save the state $8.5 million.

That puts on hold a five-year, $30 million campaign launched in mid-2001 to educate consumers. Television and radio ads, similar to those in Northern Virginia and Richmond, began airing in Hampton Roads in November.

Some of the ads will continue until contracts expire. Billboards displaying the state's Virginia Energy Choice lightbulb logo will remain up. And www.yesvachoice.com, the Web site, stays intact.

The commission also won't make as many presentations to community groups. And an automated system, rather than live operators, will answer calls to a toll-free number.

The state scaled back its education campaign this fall. That's when regulators decided they would have trouble explaining electricity choice to consumers who had little choice.

Only one other company is competing with Dominion now. Arlington-based Pepco Energy Services Inc. offers electricity from sources such as wind and solar energy, but at higher prices than Dominion charges.

But Pepco isn't actively marketing its product in Virginia because low electricity prices have made it hard to convince consumers to pay a premium. People interested in "green" electricity have to seek out the company themselves.

With such little competition, the commission shifted the focus of its message to the changes taking place in the energy industry.

"And it's a very complex topic," said Andy Farmer, education resources manager for the State Corporation Commission and coordinator of the Virginia Energy Choice program. "It's introducing Virginians to something they've never had to do before. We take this in stages. We take this in steps."

Offering a choice is just the tip of the energy industry's deregulation iceberg. Deregulation has broken out the costs of generating, transmitting, buying, selling and delivering electricity.

Regional utility companies used to do all of that. Now, some of those pieces are open to competition.

It's confusing to most consumers.

Ralston McInnis, of Virginia Beach, heard about having a choice but had questions about changing suppliers: "If the power goes down, can they get it back up as quick as Virginia Power can?"

He would still call Dominion, which owns the power lines, for repairs and outages. Even if consumers choose to buy power from another company, they will also still pay Dominion to deliver that power to them and maintain the lines that carry it.

Consumers also have a new language to decipher. Phrases such as "price to compare" and "competitive transition charge" now appear on their electricity bills.

Dominion, which serves about 2 million consumers in Virginia and northeastern North Carolina, gets about 4,000 choice-related calls each month, said David Koogler, the company's director of regulation and competition. Customer service representatives "say we're hearing a lot of people talking about this competitive transition charge," he said.

The charge will appear on the bills of people who choose another supplier. It's a piece of the cost that consumers already pay to Dominion for their electricity service -- amounting to a couple of pennies per kilowatt-hour used. Dominion residential customers pay a total of about 8 to 10 cents per kilowatt-hour.

Dominion officials say they need the charge to recover the company's past investments in power plants and transmission lines. It erected them prior to deregulation, when it had an obligation to serve every customer in its territory.

The price to compare is Dominion's cost to supply electricity -- minus the competitive transition charge. The price serves as a benchmark that consumers can use to judge competing offers. Hampton Roads residents saw the price to compare on their bills for the first time last month.

Statewide, Virginians are learning more about energy deregulation. By last summer, 43 percent had heard about energy deregulation, restructuring or choice, according to the state survey. That's up from 29 percent in June 2001.

Consumer knowledge is critical for choice to succeed. People won't shop for another supplier if they don't know they can. Consumers unfamiliar with deregulation remain wary about making a change.

And it will take a lot to win over consumers like Ruby Kants.

The 81-year-old Chesapeake resident has no desire to shop around and is satisfied with the service and price Dominion provides.

"To me, I'm going to stay in the same boat I'm in," she said. "It suits me just fine the way it is."

By Carolyn Shapiro, The Virginian-Pilot, Norfolk, Va. -- Jan. 5
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Virginians face the chance of higher electric rates -- in some cases California-like -- and less reliable service unless lawmakers change the state's deregulation law, the State Corporation Commission has warned.

The warning came in a supplement to the SCC's annual report to the legislature on electric competition in Virginia. The SCC is an independent agency that regulates utilities, banks, insurance companies and other businesses.

The SCC said the proposal by the Federal Energy Regulatory Commission to create a standard market for electricity trading nationwide "threatens the state's ability to assure reliable service at stable and reasonable rates."

Also of concern, the SCC said, is the worsening financial conditions of electric utilities and other companies in the power business and the fact that electric competition is stalled in most parts of the country.

"State policy-makers should decide promptly whether to proceed with or delay implementation of the Virginia Electric Utility Restructuring Act," the SCC said.

Del. Clifton A. Woodrum, D-Roanoke, perhaps the most outspoken critic of deregulation in the state legislature, said yesterday that he had no clue how his colleagues might react to the SCC's warning.

Woodrum, whose effort to delay regulation was rebuffed by lawmakers two years ago, said, "It's quite clear what needs to be done," and "other members of the General Assembly need to step up."

Concern about turning Virginia electric supplies over to federal control has drawn increasing attention from a General Assembly subcommittee that monitors deregulation.

Sen. John Watkins, R-Chesterfield, who serves with Woodrum on the subcommittee, said the SCC's report has put everyone on notice. "It can't help but get some reaction."

Watkins said he has been worried about moving forward with deregulation without knowing what the federal government is going to do. Virginia needs to adopt some delaying mechanism until it sees the final federal plan, he said.

As it stands, the federal market proposal would require all utilities to turn the operation of their transmission lines over to federally regulated regional organizations. The proposal also would eliminate Virginia customers' right to the output of power plants and power lines built by Virginia utilities because such a preference is discriminatory and hurts the competitive market.

But abuses of the federal rules could drive up prices in Virginia in ways similar to those experienced in California and the Midwest, the SCC warned.

Many states have not deregulated electric utilities. Those states, which include most states south of Virginia, will almost certainly sue to block the federal market plan, the SCC said.

It's also likely Congress will consider legislation this year to block the FERC plan in states that don't want it, and FERC itself may have second thoughts in the face of widespread criticism, the commission said.

If FERC relents or is forced to, Virginia could retain state oversight of its electric utilities. But in order to do so, the SCC said, the General Assembly should, among other things, postpone a state directive that utilities turn their transmission lines over to regional organizations.

To facilitate competition, the state law required utilities to join the regional transmission organizations by the start of 2001. However, the state's two largest utilities, Dominion Virginia Power and American Electric Power, have yet to join one, although both have announced plans to join the PJM Interconnection, a Pennsylvania-based organization that operates a multistate transmission system and associated power markets.

Del. Harry J. Parrish, R-Manassas, has proposed legislation this year that would eliminate the deadline for joining a transmission organization and require a cost-benefit study by the SCC before a utility is allowed to join one.

The SCC's warning could create support for Parrish's proposal, Watkins said.

"While Dominion disagrees with many of the conclusions in the Virginia [SCC] report, the company remains committed to working with state legislators and other stakeholders to make the Electric Utility Restructuring Act a success in Virginia," the company said.

"The SCC report highlights an issue: the conflicting roles of the state and the federal government," the utility said. "Dominion recognizes these conflicting roles especially with regard to regional transmission organizations and believes these questions have to be addressed."

That is why the company has delayed its application to join PJM, the regional transmission organization.

By Greg Edwards, Richmond Times-Dispatch, Va. -- Jan. 7
***

Starting Wednesday, Hampton Roads residents and businesses join the rest of the state in gaining the ability to select an electricity supplier much as they have been able to choose among long-distance calling plans for years. But there is one big catch.

So far, nobody has shown an interest in going head-to-head against the only game in town, Dominion Virginia Power and several cooperatives working in Virginia.

It's a distinct lack of enthusiasm similar to the tepid reaction seen in central and northern Virginia when the gates of electricity competition opened there early this year. In those markets, only one rival electricity provider stepped forward, offering consumers not a better deal on their power rates, but a pricey "green" energy alternative.

So consumers, endlessly besieged by dinnertime calls pitching new phone deals, can be forgiven if they have one pressing question: Where is this competitive electric market that's been billed as a money-saver for consumers?

For starters, the competitive market just hasn't arrived yet for the region -- or, anywhere else in Virginia, for that matter.

Although nine companies are registered to offer power in Virginia, and three of those companies have completed all the state registration they need to compete, the downturn in the economy has caused power companies to scale back plans in Virginia, said Ken Schrad, a spokesman for the State Corporation Commission, which regulates utilities.

"The opportunity to shop is there, but the offer to shop is not," said Andy Farmer, education resource manager for the SCC in Richmond. "But this is not the type of thing that happens in a flick of a light switch. It's evolving from 80 years of electric service."

In central and northern Virginia only one provider, Pepco Energy Services Inc. of Rosslyn, has begun to provide services in the state. And Pepco, which gets much of its electricity from solar, wind and other environmentally friendly sources, is not competing on price for the 2,400 customers it currently serves. It competes on the conscience of energy customers.

Although Pepco company officials have been unsure about when Pepco plans to offer service in Hampton Roads, the company has said its plans include all of Virginia.

With no power companies willing to compete in price against Dominion, or in some cases, the small cooperative utilities serving smaller Virginia markets, the only noticeable sign of a competitive electric market in Hampton Roads is the look of Dominion's electric bill.

Now, the utility's monthly residential bills note a 3.98 cents per kilowatt-hour "price to compare" -- the Dominion rate that state regulators want published so consumers know what they have to beat when shopping for a competitive supplier.

But that Dominion rate, as estimated by state regulators, is only part of a household's electricity fee. It represents only the electricity supply charge -- the sole portion of power service that will be open to competition. But while the supply part of the bill potentially goes up for grabs on Jan. 1, about half of the typical electric bill will remain firmly in Dominion's grasp. The utility will continue to serve and maintain the lines that deliver electricity to homes and will collect 4.31 cents per kilowatt-hour for the distribution cost.

Under Virginia's deregulation plan, the rate consumers pay for their electricity will be entirely set up by the free market after July 1, 2007. Until then, the state has capped the average rate at 5.8 cents a kilowatt hour in hopes of providing for an orderly transition to competition.

Chmura Economics & Analytics, a Richmond research firm, estimated that the capped rates will save consumers $871 million during that transition period, which actually began in 1998. The average residential customer will save between $429 and $480 during the transition period. Dominion serves about 1.8 million residential customers.

"The expectation is that once the caps come off in 2007, the wholesale market will be running and stabilized, which should drive down prices for consumers," said David Koogler, director of regulation and competition for Dominion.

The whole issue of electric deregulation evolved during the energy crisis in the 1970s, when large manufacturers began generating electricity for their own use and for sale to the incumbent utility. About the same time, the deregulation of natural gas began to unwind.

Large industrial users of natural gas began contracting for their gas supply directly from the wellhead, leaving state-regulated natural gas utilities as mere distributors. Having seen savings in their gas bills, big commercial users entered the 1990s looking to do with electricity what had already been done in the gas industry.

But today, with the current low prices in the wholesale electricity market combined with Dominion's low "price to compare" set at 3.98 per kilowatt hour for residential customers, it's hard for potential rivals to compete against the utility giant, which now serves 3 million Virginia customers overall, Schrad said.

What's making competition even less feasible now is a fee Dominion gets to collect from customers who switch to its potential rivals. If a competitor comes in with a lower price and attracts new customers, Dominion will be allowed to charge those consumers a competitive transition charge of about 1.8 cents per kilowatt hour under the restructuring act. And with the way rates are now, that charge would eat up most of the potential savings that could be gained at first from switching to another electricity supplier.

State officials say the competitive transition fee is necessary to help the utility giant make up for its customer loss to the competition. That protection for Dominion was built in so it could recover its investment in building power plants.

At the end of the transition period, when the price caps are lifted, and the competitive transition charge goes away, the market will become more competitive for the smaller power companies, Schrad said.

"The fear was that as competition took off, it would be lowering the value of the plants the utility had spent millions of dollars to build because the competition would be taking customers away," he said.

So for example, if prices are capped at 5 cents per kilowatt hour, and the "price to compare" is set at about 4 cents, customers will still pay a one cent competitive transition fee to Dominion to make up for that loss. So Dominion makes its 5 cents, and the consumer doesn't really save any money.

However, if the wholesale market dropped to 3 cents per kilowatt-hour, customers who could find a supplier willing to offer service for market price would benefit, Schrad said. But even then, the savings are minimal.

"If you have a residential customer with a $100 electric bill, and only $55 of that is competitive, a 5 percent savings only results in $2.50 a month or $24 a year," Schrad said. "Studies have shown us that most want to see at least a 10 percent savings before they make a switch. That's the point it begins to mean something to the average person, and right now no one can offer that. They can't even offer one-tenth of a percent in savings."

As a result, the market in Hampton Roads and in the state is expected to develop slowly.

In fact, in markets where the dominant utility also serves as the default service for the competition, the market usually does take a slow path to development, according to Ken Malloy, CEO of the Center for the Advancement of Energy Markets in Washington, D.C.

"If you say, 'if you want to switch, you can, but you don't have to switch," that process favors the utility, Malloy said.

"When Georgia opened its natural gas market, people were told they had one year to pick a competitor, or they would be assigned one. The result was 80 percent made a choice. If you allow the default company to compete with competitors, people won't take the chance of going with someone they don't know."

Malloy said that until a utility is made to offer service on the same competitive level as its competitors, the concept of a competitive market doesn't really work.

"The utility prices are not reflective of the market conditions, they're lower. The utility also has an advantage because they're a brand name that everyone knows. It also costs a lot more to steal a customer than to keep one. The utility spends nothing in marketing, but the competitor's cost is huge," Malloy said.

The Virginia General Assembly approved the Electric Industry Restructuring Act in 1999, following several years of study. Lawmakers will continue to monitor Virginia's energy supply market, and if problems arise, like the lack of competition in the state's market, lawmakers can modify Virginia law as needed to advance competition.

Although the market hasn't developed enough to reveal to consumers the type of service options that will become available, Malloy said it's coming. He said when a competitor does enter the Hampton Roads market, consumers will get an offer through direct mail that entices them to switch. Direct mailings and telephone marketing are the only ways for the competition to get its offer out, Malloy said.

Vernon Smith, Nobel-prize winning economist from George Mason University in Fairfax, said those wanting to compete in the Virginia market will do so by "experimenting" with various ways to satisfy the different wants of consumers.

"In New Zealand, for example, consumers can purchase switches for their appliances that allow them to cut power to that appliance during peak times," Smith said. "They can also purchase a second meter for night-time usage, and they are able to get that power for 2 to 3 cents -- pulling some people away from using power during the day."

Here in Virginia, time-of-use pricing -- pricing based on nighttime use or daytime use -- also has been considered. But there was little interest in that concept, Koogler said.

"People didn't want to shift when they did things," Koogler said. "It still could take off, but I look to the market to determine those kinds of options."

Koogler said the deregulation of the telephone industry worked much the same way -- first taking time to develop as competitors slowly came into the market and then learning what consumers really wanted with their telephone service. Koogler said, however, that the deregulation of electricity would have some benefits that the telephone industry missed.

"Millions are being spent to teach people how to shop for the best price," Koogler said.

"The price to compare or the price to beat is listed on your electric bill and with the phone industry, there was no price to beat." "No one knew what the price to beat was," Koogler said.

Koogler said that Dominion is in the process of banding together with several other states in the free flow of supplying electricity to consumers -- where there would only be one transportation charge verses a charge for each state the flow passed through to get to consumers.

"That's the first step in opening the competitive market," Koogler said. "It eliminates the pancaking of charges -- one charge per state -- each time electricity goes from one state to the next.

In the long run, however, Koogler said that consumers would be the winners in the competitive market for electricity.

"The expectation is that the wholesale market will be running and stabilized, which should drive down the prices. And once that market is up and running, consumers will have more options than they ever did," Koogler said.
Daily Press, Newport News, Va.

Washington

In 1999, the legislature took no action on restructuring. An observer notes that next year restructuring legislation is very unlikely to be introduced. In December 1998, a legislatively mandated study, submitted to state lawmakers, concluded that the benefits of the federal power system are key to keeping power costs low.

West Virginia

A few years ago, deregulating the electric utility industry in West Virginia was a hot topic, but energy shortages in California, a bad economy and terrorist attacks have put deregulation on the back burner indefinitely. Sarah Roberts, spokeswoman for the West Virginia Public Service Commission, said when it comes to deregulation, "nothing is happening."

Plans to move forward with restructuring the electric utility industry were approved by the Legislature in 1998, but after the Public Service Commission (PSC) submitted a plan of action, legislative approval was given only on a conditional basis.

Roberts said in addition to economic concerns, a change in administration from Gov. Cecil H. Underwood to Gov. Bob Wise slowed down the process "because the new administration wanted to look at (deregulation plans) some more, so it has not been on the agenda for the last few sessions," she said.

Jeri Matheney. spokeswoman for American Electric Power, does not anticipate any action on deregulation during the 2003 regular legislative session.

"In 1999, there was a plan to restructure the entire industry in West Virginia," Matheney said.

"They needed tax law changes before they could go forward with deregulation, but in 2000, things changed. California became an issue and the climate had changed. Then in 2001, it just became a non-issue, not just in West Virginia, but nationally.

"No states are now moving quickly to deregulate," she continued. "The California situation led to a whole instability of the energy sector, which got worse with the Enron scandal.

"Then you have 9/11 and the bad state of the economy, so people are more of a mind to let it be for now. "This is not something AEP is going to push. In fact, I don't see anyone pushing for it. They all have other priorities right now."

Roberts and Matheney agreed deregulation is good for the consumer.

"It increases' competition and gives consumers more choices and better rates. It allows people the option of things like greener power because some people will pay more for non-coal energy," Roberts said.

But until more critical concerns stabilize, it is doubtful the electric utility industry in West Virginia will undergo any major restructuring.

Wisconsin

Wyoming

As of August 1999, no new restructuring-related legislation or regulatory activity was reported among Wyoming policymakers. In 1998, the legislature adjourned its legislative session in early March, asking an interim committee to continue to study restructuring issues.

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Sources: This table has been compiled from a variety of sources including Public Utilities Fortnightly and state commission and legislative Internet websites. This table was compiled by Laura Cvengros. Questions or comments can be directed to her at 317/ 233-5315 or email LCVENGROS@urc.state.in.us. If you would like to receive this table directly when it is updated please email Laura Cvengros to be placed on the routing list.